

Bank Audit Demo Presentation Notes

Using AI as a Smart Assistant Throughout Bank Audit

1. Responding to Appointment Letter

- Use Gemini Advanced to draft a reply accepting the Bank Audit Appointment.
- Save the draft email in the Gmail folder.
 - @Gmail Draft a reply along with acceptance of audit for Bank Audit Appointment mail. (Shared and export to "Draft in Gmail")

2. Drafting NOC and Communicating with Previous Auditor

- Utilize Gmail to draft a communication to the previous auditor seeking their No Objection to accept the audit as per ICAI Professional Standards.
- Export the draft to "Docs" and "Draft in Gmail".
 - @Gmail Now, considering the previous auditor details mentioned in the appointment letter attached with the Bank Audit appointment mail, draft a communication to previous auditor seeking their No Objection to accept the audit as per the Professional Standards of ICAI (Shared and export to "Export to Docs" and "Draft in Gmail")

3. Audit Planning and Schedule

- Office has 4 people, including myself, for the Bank Branch Audit for the Financial Year ending March 31, 2025.
- Two members have prior bank audit experience; the other two are new to audit.
- Audit to commence from April 3, 2025, and complete field-level audit by April 12, 2025.
- Provide audit calendar, manpower allocation, planning notes, memo templates for issues, and mail templates for communication.
 - Using claude.ai
 - My office has current 4 people including myself who can be allocated to perform Bank Branch Audit for the Financial Year ending 31st March 2025. Out of these only 2 have performed bank branch audits earlier and other 2 are new to audit. Out of 2 experienced including myself, one is good with reviewing the loan agreements and related documentation and I myself am comfortable with CBS report analytics and scrutiny of ledgers in CBS. We need to commence our audit from 3rd of April 2025 and should be able to complete field level audit at the two bank branches which are located within a radius of 60 kms of Vijayawada by 12th April 2025. Considering these inputs and also considering that we can spend around 12 hours of time at the Branch, provide me with the following in format:
 1. Audit Calendar along with the manpower allocation considering the above experience limitations (tabular format)

2. Audit Planning considering the Standards of ICAI (key notes and description)
3. Audit Memo Templates to raise the issues identified during the audit
4. Mail template along with the communication reference number (auto generated) for each of the communication during the audit period

4. LFAR Analysis

- For each particular in the LFAR of Bank Branch Audit, provide a concise audit procedure column.
 - Using Copilot
 - For each of the particulars mentioned in the above LFAR of Bank Branch Audit, provide an audit procedure in concise manner by inserting a column at the end of the table

5. Consolidating Multiple CCOD Files

- Share 13 months of CCOD files (March 2023 to March 2024) in Text format.
- Convert each file into Excel, properly delimited, and combine into one file.
- Preview the first 10 rows of combined data before full task completion.
 - Using ChatGPT
 - First Prompt

As part of Bank Branch audit, I will be sharing 13 months related CCOD files generated for the months starting from March 2023 to March 2024. Considering the files limit which can be uploaded at a time, I am initially sharing 10 files. After you confirm the receipt of these 10 files with two word response "Yes received", will share other 3 files with you.
 - Second Prompt

The files are in Text format generated from the report server of the bank.

I want you to perform the following activities.

 1. Convert each of the file into excel file with proper delimitation as per the requirements of the column and combine all of the files into one file where each file is appended one below other in the excel file.

In this case you may follow whatever sequence is comfortable to you except that all the data in the respective files should be properly delimited with column labels and are to be combined into one excel file.

However, my suggestion would be to consider CUSTOMER NO and ACCOUNT NO as the key indicators so that other rows are ignored. Similarly ensure that the data of one column (especially text data) does not overflow into the next columns.

As a sample conversion, provide me with the preview of first 10 rows of combined data, before you perform the full task
 - Follow up Prompt...as per requirement
 - Consolidating can also be done using python script

6. Stock Statement Analysis

- Analyse the impact of actual stock, debtors, and creditors statements.
- Use Meta to identify anomalies for further review or details.
 - Designing a Prompt using Temporary Chat or alternative GPT

Provide me with a prompt as Prompt Engineer and a Bank Auditor with Data analyst capabilities considering the following:

1. Prompt should provide with the red flags considering revised EWS of RBI
2. Prompt should provide with any further reviews to be performed by the auditor
3. Prompt should also suggest any further document review to performed to ensure no fund diversion took place

- Refined Prompt that may be used after the stock statement analysis

Analyse the stock statement data from the provided image to identify potential red flags and early warning signals (EWS) as per RBI guidelines. Focus on key risk indicators, including:

Discrepancies between drawing power (DP) on stock and DP as per CBS.

Overutilization of sanctioned limits despite downward revision in DP.

Unusual stock and debtor patterns that may indicate fund diversion or financial stress.

Accounts marked as 'Out of Order' or showing incipient signs of NPA.

Significant variations in stock turnover and debtor collection cycles.

Additionally, suggest further audit procedures and document verifications needed to ensure the accuracy of reported stock values and detect possible misrepresentation or fund diversion. Highlight key risk areas that require deeper scrutiny during the audit

- Prompt that can be used along with the further information derived based on the Stock statement analysis

Objective:

Analyse the borrower accounts for early warning signals (EWS) as per RBI guidelines, identify potential stress indicators, and assess fund utilization to detect fund diversion risks.

1. Identify Red Flags Based on RBI's Revised EWS

Analyse financial ratios and cash flow patterns to detect stress signals (e.g., declining operating margins, frequent overdrafts, or deteriorating debt service coverage ratio).

Identify cases where the drawing power (DP) is revised downward due to inventory/debtor concerns and compare it with DP as per CBS to check if it is still overdrawn.

Verify instances where loan accounts are "Out of Order" or show signs of incipient NPA classification.

Detect irregular transactions, such as:

Sudden spikes in stock/debtor levels without proportionate sales growth.

Frequent changes in sanctioned limits and temporary overdraft (TOD) usage.

High related-party transactions or round-tripping of funds.

Check for instances where actual sales growth is inconsistent with the industry trend, indicating possible misreporting.

2. Further Reviews to Be Performed by the Auditor

Conduct a forensic analysis of stock and debtors using trend analysis, aging reports, and verification with GST returns to identify potential overstatement.

Perform ledger scrutiny to identify:

Unexplained high-value transactions.

Frequent adjustments or reversals close to quarter/year-end.

Examine the utilization of sanctioned limits to see if the borrower is misusing funds for non-business purposes.

Identify infrequent or unrelated transactions that indicate fund diversion or stress.

3. Further Document Reviews to Detect Fund Diversion

Bank statements: Cross-verify fund flows with operational revenues and expenses to check for unrelated party payments.

GST returns vs. financial statements: Ensure reported sales align with actual collections and recorded revenue.

Stock and debtors verification: Match with audited financials, physical verification, and third-party confirmations.

Loan utilization reports: Ensure end-use compliance, and check if borrowed funds were used for purposes other than stated.

Related-party transactions: Identify if excessive funds were transferred to subsidiaries, directors, or group entities.

Supplier and debtor confirmations: Validate trade payables/receivables against independent confirmations.

7. Sample Observations and Non-Compliances

- Provide a detailed analysis of non-compliance with RBI Master Circular on KYC/AML/CFT.
- Include description, penal provision, financial impact, audit opinion, and recommendations.
 - Using claude.ai
 - First Prompt
Provide a detailed analysis of the non-compliance observations related to the RBI Master Circular on Know Your Customer (KYC)/Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT), specifically with regards to the implementation of customer due diligence (CDD) and enhanced due diligence (EDD) procedures.
 - Second Prompt
For each observation, please provide the following information:
A clear description of the non-compliance issue, including the specific RBI circular or notification that has been breached.
The relevant penal provision under the Banking Regulation (BR) Act 1949, specifically Section 46A, and the potential consequences for the bank.
An assessment of the impact of the non-compliance on the bank's financials, including any potential losses or reputational damage.
As a branch auditor, what kind of opinion should be given in the audit report, taking into account the severity of the non-compliance and the bank's overall risk management and compliance framework.
Please provide a comprehensive analysis of the non-compliance observations, including any relevant recommendations for remedial action to ensure compliance with RBI regulations and minimize potential penalties

8. Refer to EWS and Correlate Observations and Anomalies

- Analyse manual controls impact and key audit considerations for bank branch audits.
 - - RBI Master Directions on EWS
 - - RBI Penalties
 - - RBI Report referring to Manual Controls
 - Using Claude.ai
 - Prompt
As per RBI, the following are the manual controls which could not be integrated into CBS. Due to these, what would be the impact on the Bank Branch Audit, and what are the pain points faced by Bank in trying to integrate into CBS and also what are the key factors or points a bank branch auditor has to consider while performing bank branch audit due to these manual controls:
→ Output

I'll analyse the impact of these manual controls on Bank Branch Audit, the challenges in integrating them into the Core Banking System (CBS), and the key considerations for bank branch auditors.

Impact on Bank Branch Audit

1. Increased Audit Scope: Auditors must verify both system-generated reports and manually maintained records, significantly expanding the audit scope.

2. Verification Complexity: Manual processes increase the risk of errors, requiring auditors to perform more detailed testing and verification of:

- Collateral valuations and linkages to loan accounts
- Government guarantee classifications
- Proper loan account closures
- FITL (Funded Interest Term Loan) account classifications
- Credit rating updates
- Guarantee classifications
- Expired LC and BG reversals

3. Compliance Verification: Auditors must dedicate additional time to verify compliance with regulatory requirements that aren't system-enforced, such as:

- Re-rating requirements for Brickworks Ratings
- Proper classification of performance vs. financial guarantees
- Timely reversal of expired guarantees and LCs

4. Capital Adequacy Impact: Manual errors in risk weightings, guarantee classifications, and undrawn limit calculations directly affect capital adequacy ratios.

5. NPA Detection Challenges: Auditors must perform additional procedures to identify potential NPA masking through period-end entries, TODs, or unauthorized value dating.

Pain Points in CBS Integration

1. Complex Business Rules: Many controls involve nuanced business decisions that are difficult to translate into system algorithms, such as:

- Case-by-case loan closure procedures
- Credit rating assessments
- Qualitative aspects of guarantee classifications

2. Dynamic Regulatory Environment: Frequent regulatory changes (like the Brickworks Ratings cancellation) require constant system updates.

3. Inter-departmental Dependencies: Controls spanning multiple departments (credit, legal, treasury) create integration challenges.

4. Legacy System Limitations: Older CBS platforms may lack flexibility to incorporate complex regulatory logic.

5. Data Migration Challenges: Historical manual data may be inconsistent or incomplete when migrating to automated controls.

6. Process Standardization: Varied branch practices make it difficult to implement standardized system controls.

Key Audit Considerations for Branch Auditors

1. Collateral Management:

- Verify collateral valuations match market rates
- Ensure proper linkage to loan accounts
- Confirm transferred collaterals are properly reassigned

2. Guarantee Classification and Risk Weightings:

- Verify government guarantees are properly classified for capital adequacy
- Confirm performance vs. financial guarantees are correctly categorized
- Check risk weightings based on external ratings

3. Account Closures and Transfers:

- Review loan account closures for adherence to procedures
- Verify transfer of collaterals with account transfers

4. Credit Ratings:

- Confirm external ratings are current and from approved agencies
- Verify Brickworks ratings have been replaced as required
- Check rating rationales mention the bank name as mandated

5. NPA Identification:

- Scrutinize period-end transactions for potential NPA masking
- Review TODs and matching debit/credit entries
- Examine value-dated transactions

6. Contingent Liabilities:

- Verify documentation of claims against the bank
- Check proper recording and disclosure

7. MOC Implementation:

- Confirm all previous Memorandum of Changes from statutory auditors are implemented
- Verify system updates reflect audit adjustments

8. Subvention Claims:

- Review export advance subvention claims for eligibility and calculation accuracy

9. Reconciliation Verification:

- Check inter-branch/inter-bank reconciliations
- Review suspense and sundry accounts for proper clearance

10. Documentation Review:

- Verify drawdown schedules for term loans
- Examine security documentation for all credit facilities
- Review limit node creation and account linkages

These considerations are crucial for auditors to mitigate the risks associated with manual controls and ensure financial statements accurately reflect the branch's position.

9. Using ChatGPT (Explore GPTs) - Banking Fraud Analyzer during Bank Audit

10. Term Loan Analysis – Analysing selected customers sample statements

11. Bank Audit Guidance Note 2025

- Include timelines of circulars, notifications, and directions.
 - Using Notebook LM
 - Using Microsoft Excel along with Google Studio

12. Other AI Tools, a glance

- Using Adobe Acrobat AI Assistant
- Using Microsoft Copilot in Word
- Using Microsoft Copilot in PowerPoint to present the observations

Draft appointment letter

Uthuthi Bank Ltd

Branch Audit Appointment Letter

[Your Name]

[Your Position]

Uthuthi Bank Ltd

[Bank Address]

[City, State, ZIP Code]

[Email Address]

[Phone Number]

[Date]

[Auditor's Name]

[Auditor's Firm Name]

[Auditor's Address]

[City, State, ZIP Code]

Subject: Appointment of Branch Auditor for Benz Circle and MG Road Branches

Dear [Auditor's Name],

We are pleased to inform you that Uthuthi Bank Ltd has decided to appoint your esteemed firm as the branch auditor for the following branches:

- Benz Circle, Vijayawada, Andhra Pradesh
- MG Road, Vijayawada, Andhra Pradesh

Your appointment as the branch auditor will be effective for the financial year [Insert Year]. The scope of your audit will include, but not be limited to, the verification of the branch's financial statements, internal controls, compliance with statutory requirements, and any other areas as deemed necessary by the bank.

Please be informed that the previous audit for these branches was conducted by [Dummy Audit Firm Name]. As part of the standard audit communication procedure, we request you to communicate with the previous auditor and obtain a 'No Objection Certificate' from them.

Your acceptance of this appointment and the communication to the previous auditor should be completed at the earliest convenience to ensure a smooth transition and continuity of the audit process.

We look forward to your positive confirmation and to a successful collaboration.

Thank you.

Yours sincerely,

[Your Name]

[Your Position]

Uthuthi Bank Ltd

Previous Audit Firm Details

Audit Firm Name	Address	Contact Details
Previous Audit Firm Name	123 Audit Lane, Audit City, AUD 45678	Email: contact@auditfirm.com </br> Phone: (123) 456-7890

Bank Branch Audit Calendar FY 2024-25

Point no. 3 output - Audit Planning and Schedule

Team Allocation

- **Team Lead:** You (Expertise: CBS report analytics and scrutiny of ledgers)
- **Auditor 1:** Experienced staff (Expertise: Loan agreements and documentation)
- **Auditor 2:** New staff (To be trained)
- **Auditor 3:** New staff (To be trained)

Audit Schedule

Date	Branch	Team Members	Key Areas	Hours
3 April 2025	Branch 1	Team Lead + Auditor 1 + Auditor 2	- Initial meeting with Branch Manager - Understanding branch operations - CBS report extraction and review - Planning and allocation	12 hrs
4 April 2025	Branch 1	Team Lead + Auditor 2	- CBS report analytics - General ledger scrutiny - Cash verification - Bills payable verification	12 hrs
4 April 2025	Branch 2	Auditor 1 + Auditor 3	- Initial meeting with Branch Manager - Understanding branch operations - Loan documentation collection - Planning and allocation	12 hrs
5 April 2025	Branch 1	Team Lead + Auditor 3	- Advances other than loans - Inter-branch reconciliation - Deposits and other liabilities - Revenue items validation	12 hrs
5 April 2025	Branch 2	Auditor 1 + Auditor 2	- Loan documentation review - NPA identification and verification - Loan classification verification - Security documents review	12 hrs
6 April 2025	Branch 1	Auditor 1 + Auditor 3	- Loan account review - NPA verification - Documentation verification - Security documents review	12 hrs
6 April 2025	Branch 2	Team Lead + Auditor 2	- CBS report analytics - General ledger scrutiny - Cash verification - Bills payable verification	12 hrs
7 April 2025	Branch 1	Team Lead + Auditor 2	- Fixed assets verification - Contingent liabilities review - Compliance testing - Exception report analysis	12 hrs

Date	Branch	Team Members	Key Areas	Hours
7 April 2025	Branch 2	Auditor 1 + Auditor 3	- Advances other than loans - Inter-branch reconciliation - Deposits and other liabilities - Revenue items validation	12 hrs
8 April 2025	Branch 2	Team Lead + Auditor 3	- Fixed assets verification - Contingent liabilities review - Compliance testing - Exception report analysis	12 hrs
8 April 2025	Branch 1	Auditor 1 + Auditor 2	- Follow-up on pending audit queries - Review of branch responses - Sample transaction verification - Outstanding items follow-up	12 hrs
9 April 2025	Office	All team members	- Collation of findings - Discussion on key issues - Draft memo preparation - Documentation review	8 hrs
10 April 2025	Branch 1	Team Lead + Auditor 1	- Closing meeting with management - Discussing audit findings - Resolution of pending queries - Obtaining management responses	8 hrs
10 April 2025	Branch 2	Auditor 2 + Auditor 3	- Follow-up on pending audit queries - Review of branch responses - Sample transaction verification - Outstanding items follow-up	12 hrs
11 April 2025	Branch 2	Team Lead + Auditor 1	- Closing meeting with management - Discussing audit findings - Resolution of pending queries - Obtaining management responses	8 hrs
11-12 April 2025	Office	All team members	- Finalization of audit memos - Compilation of supporting documents - Preparation of LFAR - Final documentation and report preparation	16 hrs

Training and Supervision Plan for New Staff

Auditor 2

- Initial shadowing of Team Lead (3-4 April)
- Focus areas for development: CBS reports, ledger scrutiny
- Progressive responsibility increase throughout the audit

Auditor 3

- Initial shadowing of Auditor 1 (4-5 April)
- Focus areas for development: Loan documentation, compliance checks

- Progressive responsibility increase throughout the audit

Daily Debrief Sessions

- 30-minute end-of-day debrief at each branch
- Discussion of findings, challenges, and plan for next day
- Knowledge sharing between experienced and new auditors

Bank Branch Audit Planning as per ICAI Standards

1. Pre-Engagement Activities

Appointment and Terms of Engagement

- Review appointment letter from the bank
- Confirm independence requirements as per SQC 1 and SA 220
- Send engagement letter to the bank management as per SA 210
- Obtain previous year's audit reports and Long Form Audit Reports (LFAR)

Team Selection and Allocation

- Assign resources based on experience and expertise
- Ensure adequate supervision for inexperienced team members
- Document responsibilities and reporting relationships
- Conduct pre-audit briefing session for the team

Communication with Previous Auditors

- Communicate with previous auditors as per requirements of Code of Ethics
- Request access to previous audit workpapers, if available
- Obtain understanding of significant matters from previous audits

2. Understanding the Branch and Risk Assessment

Understanding the Branch Operations (SA 315)

- Obtain branch profile (size, location, customer base, products offered)
- Understand the organization structure and reporting lines
- Identify any special activities carried out by the branch
- Review RBI inspection reports and compliance status

CBS System and IT Controls

- Document understanding of CBS system used by the branch

- Assess general IT controls relevant to financial reporting
- Identify automated controls and their reliability
- Plan for system-generated reports to be used during the audit

Risk Assessment Procedures (SA 315)

- Identify significant account balances and classes of transactions
- Perform analytical procedures on financial information
- Conduct preliminary fraud risk assessment as per SA 240
- Document assessed risks at assertion level
- Determine materiality levels as per SA 320

3. Audit Strategy and Plan

Overall Audit Strategy (SA 300)

- Define scope and timing of the audit
- Determine reporting objectives and communication requirements
- Consider factors determining audit team's work direction
- Identify resources needed for specific audit areas

Detailed Audit Plan (SA 300)

- Develop audit programs for each significant area
- Plan nature, timing and extent of audit procedures
- Allocate time budgets for each audit area
- Document linkage between assessed risks and planned procedures

Special Considerations for Bank Branch Audit

- Compliance with RBI circulars and guidelines
- IRAC (Income Recognition and Asset Classification) norms
- Treasury operations (if applicable to branch)
- Integration with statutory central audit

4. Key Audit Areas and Approach

Cash and Bank Balances

- Physical verification of cash as per SA 501
- Verification of cash retention limits and insurance

- Verification of ATM cash (if applicable)
- Reconciliation of inter-branch accounts

Advances and NPAs

- Verification of loan documentation and security
- Classification of advances as per IRAC norms
- Identification and verification of NPAs
- Verification of provision for NPAs as per RBI guidelines
- Review of stressed assets and special mention accounts

Deposits and Other Liabilities

- Verification of deposit documentation
- Testing interest calculations and accruals
- Verification of dormant/inoperative accounts
- Review of KYC compliance

Revenue Recognition and Expenses

- Test interest income recognition as per IRAC norms
- Verify commission and fee income
- Review expense vouchers for proper authorization
- Verify provisions and contingencies

Fixed Assets and Intangibles

- Physical verification of fixed assets
- Review additions and disposals during the year
- Verify depreciation calculations
- Check for impairment indicators

Contingent Liabilities and Off-Balance Sheet Items

- Verify letters of credit and guarantees
- Review legal cases against the branch
- Check for unhedged foreign currency exposures
- Verify derivative transactions (if applicable)

5. Compliance Framework

Regulatory Compliance

- RBI circulars and guidelines
- Banking Regulation Act requirements
- Prevention of Money Laundering Act (PMLA)
- KYC and AML compliance

Internal Controls Assessment (SA 315 and 330)

- Document understanding of internal control systems
- Test operating effectiveness of key controls
- Identify control deficiencies and their impact
- Modify audit approach based on control assessment

6. Reporting Requirements

Financial Reporting

- Main Audit Report as per SA 700/705/706
- Long Form Audit Report (LFAR)
- Tax Audit Report (if applicable)
- Special purpose certificates

Management Communication

- Management Letter for identified deficiencies
- Communication with Those Charged with Governance (SA 260)
- Reporting of fraud as per SA 240 and Section 143(12) of Companies Act

7. Quality Control and Documentation

Quality Control Procedures (SQC 1)

- Review by engagement partner
- Technical consultation for complex matters
- Engagement Quality Control Review (if applicable)

Audit Documentation (SA 230)

- Document all significant matters and judgments
- Ensure proper cross-referencing of audit evidence

- Complete documentation within 60 days of report date
- Ensure safe custody of audit files

8. Specific Considerations for FY 2024-25

Impact of Recent RBI Circulars

- Updated prudential norms
- Changes in NPA classification and provisioning
- Digital lending guidelines
- Compliance with updated reporting requirements

ICAI Technical Guide for Bank Branch Audit 2024-25

- Follow the latest Technical Guide issued by ICAI
- Address specific areas highlighted in the guide
- Use standardized checklists provided in the guide

Focus Areas for Current Year

- Digital transactions and their controls
- Cyber security measures
- Restructured accounts due to economic conditions
- Special emphasis areas communicated by statutory central auditors

Bank Branch Audit Memo Template

BANK BRANCH AUDIT MEMO

Audit Memo Reference	BBA/FXXXX/[Branch Code]/[Memo No.]/2025
Date of Issue	[DD/MM/YYYY]
Branch Name & Code	[Branch Name] - [Branch Code]
Branch Address	[Complete Branch Address]
Branch Manager	[Name of Branch Manager]
Audit Period	FY 2024-25 (Year ending 31st March 2025)
Audit Visit Dates	[Start Date] to [End Date]
Priority Rating	<input type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low
Area of Audit	[Select: Advances/Deposits/Cash & Bank/Fixed Assets/Revenue/Expenses/Compliance/Others]

1. OBSERVATION

[Provide a clear, concise statement of the issue/observation identified during audit]

2. FACTS & FINDINGS

[Provide detailed facts including:

- Specific accounts/transactions involved
- Amounts involved
- Dates of transactions
- Relevant documents examined
- System reports reviewed
- Applicable RBI circulars/guidelines
- Test procedures performed
- Evidence collected]

3. IMPACT ASSESSMENT

Financial Impact

- Monetary value: Rs. [Amount]
- Income/expense misstatement: Rs. [Amount]
- Asset/liability misstatement: Rs. [Amount]

Regulatory Impact

- Non-compliance with: [Specific RBI guideline/circular reference]
- Potential penalty/regulatory action: [Details if applicable]

Operational Impact

- [Impact on branch operations, customer service, etc.]
-

4. ROOT CAUSE ANALYSIS

[Identify the root cause(s) of the issue:

- System limitation
 - Process deficiency
 - Human error
 - Lack of training/awareness
 - Override of controls
 - Others (specify)]
-

5. RECOMMENDATIONS

[Provide specific, actionable recommendations to address the issue]

6. BRANCH MANAGEMENT RESPONSE

Response Date: [DD/MM/YYYY]

Response: [To be filled by Branch Management]

Action Plan: [To be filled by Branch Management]

Target Date for Resolution: [To be filled by Branch Management]

Responsible Person: [To be filled by Branch Management]

7. AUDITOR'S CONCLUSION

Response Adequacy: ☐ Satisfactory ☐ Partially Satisfactory ☐ Unsatisfactory

Conclusion/Remarks: [Auditor's conclusion based on management response]

Reported in LFAR: ☐ Yes ☐ No

Reported in Main Audit Report: ☐ Yes ☐ No

Issued by:

[Auditor Name] [Designation] [Contact Details]

Received by (Branch Official):

Name: _____ Designation: _____ Date: _____

Signature: _____

ANNEXURES

[List and attach relevant supporting documents, screenshots, system reports, etc.]

Bank Branch Audit Email Communication Templates

Reference Number Format

All communications will use the following reference number format: BBA/FY2425/[Branch Code]/[Communication Type]/[Sequential Number]/[Date in DDMMYY format]

Communication Type Codes:

- INF: Information Request
- REM: Reminder
- MOA: Memo Acknowledgment
- MOR: Memo Response
- DOC: Document Submission
- SCH: Schedule Change
- MTG: Meeting Request
- CLO: Closing Communication

1. Initial Communication to Branch

Subject: Statutory Branch Audit FY 2024-25 - Commencement Notice - BBA/FY2425/[Branch Code]/INF/001/[Date]

Dear [Branch Manager Name],

We are pleased to inform you that our firm has been appointed as the Statutory Branch Auditors for your branch for the Financial Year ending March 31, 2025.

As per the audit schedule finalized with the Zonal/Regional Office of the bank, our team will be visiting your branch for conducting the statutory audit from [Start Date] to [End Date].

Our audit team will consist of the following members:

1. [Team Lead Name] - Engagement Partner/Team Lead
2. [Auditor 1 Name] - Audit Senior
3. [Auditor 2 Name] - Audit Assistant
4. [Auditor 3 Name] - Audit Assistant

To ensure an efficient audit process, we request you to keep the following documents and information ready before our visit:

1. Trial Balance as on March 31, 2025
2. General Ledger and Subsidiary Ledgers for the year
3. List of all advances with classification status

4. List of outstanding deposits categorized by type
5. Cash balance certificate and physical cash verification record
6. All relevant circulars and instructions received from Head Office/RBI
7. Previous year's audit report and compliance status
8. Branch inspection reports (RBI/Internal/Concurrent) and compliance status
9. Fixed assets register
10. List of legal cases and contingent liabilities

Kindly provide a suitable workspace for our team with access to the CBS system for [number] team members. We also request you to nominate a point of contact from your branch for coordination during the audit.

Please acknowledge receipt of this communication. We look forward to your cooperation for a smooth and effective audit process.

Thank you.

Warm regards,

[Your Name]

[Your Designation]

[Firm Name]

[Contact Details]

2. Document Request Email

Subject: Statutory Branch Audit FY 2024-25 - Document Request - BBA/FY2425/[Branch Code]/INF/002/[Date]

Dear [Branch Manager Name],

With reference to our earlier communication BBA/FY2425/[Branch Code]/INF/001/[Date] regarding the statutory audit of your branch for FY 2024-25, we hereby request the following specific documents and information to facilitate our audit:

1. Advances:

- Loan documents for the sample accounts as per attached list
- Sanction letters and review notes for all loans above Rs. [threshold amount]
- List of NPAs with aging analysis and provision details
- Restructured accounts details and documents

2. Deposits:

- List of new deposit accounts opened during the year

- List of dormant/inoperative accounts reactivated during the year
- Details of bulk deposits (above Rs. [threshold amount])
- Interest calculation sheets for term deposits

3. CBS Reports:

- Exception reports for the year
- User access rights and authorization matrix
- System audit logs for selected dates

4. Compliance:

- KYC compliance status report
- AML alert reports and their resolution
- STR/CTR filed during the year
- Compliance with tax regulations (TDS on interest, etc.)

5. Others:

- Inter-branch reconciliation statements
- Suspense account details with aging
- Fixed assets additions/disposals during the year
- Expense vouchers for selected months (details attached)

Please arrange to keep these documents ready by [date] to ensure timely completion of our audit.

In case any of the above information is not applicable or not available, kindly inform us in advance with proper justification.

Thank you for your cooperation.

Regards,

[Your Name]

[Your Designation]

[Firm Name]

[Contact Details]

3. Audit Memo Issuance Email

Subject: Statutory Branch Audit FY 2024-25 - Audit Memo - BBA/FY2425/[Branch Code]/MOA/001/[Date]

Dear [Branch Manager Name],

As part of our ongoing statutory audit of your branch for FY 2024-25, we have identified certain matters that require your attention and response.

Please find attached Audit Memo with reference number BBA/FXXXX/[Branch Code]/[Memo No.]/2025 detailing our observations and recommendations.

We request you to review the memo, provide your comments, and outline your proposed action plan to address the issues raised. Your response should include:

1. Agreement or disagreement with the observation (with justification)
2. Root cause analysis from your perspective
3. Corrective actions proposed/implemented
4. Timeline for implementation
5. Responsible person for each action

Please provide your response by [Date] to ensure timely completion of our audit and inclusion of your perspectives in our final report.

Thank you for your prompt attention to this matter.

Regards,

[Your Name]

[Your Designation]

[Firm Name]

[Contact Details]

4. Reminder Email for Pending Information

Subject: REMINDER - Statutory Branch Audit FY 2024-25 - Pending Information - BBA/FY2425/[Branch Code]/REM/001/[Date]

Dear [Branch Manager Name],

This is with reference to our earlier communication BBA/FY2425/[Branch Code]/INF/002/[Date] requesting certain documents and information for the statutory audit of your branch for FY 2024-25.

We wish to bring to your notice that the following information/documents are still pending from your end:

1. [Pending item 1]
2. [Pending item 2]
3. [Pending item 3] ...

As highlighted earlier, timely receipt of this information is critical for the completion of our audit within the scheduled timeframe. Any delay in providing the requested information may impact our ability to complete the audit by the targeted date of [End Date].

We request you to arrange for the above information by [Date] at the latest. If there are any challenges in providing any specific item, please inform us immediately so that alternative arrangements can be explored.

Thank you for your understanding and cooperation.

Regards,

[Your Name]

[Your Designation]

[Firm Name]

[Contact Details]

5. Closing Meeting Request Email

Subject: Statutory Branch Audit FY 2024-25 - Closing Meeting Request - BBA/FY2425/[Branch Code]/MTG/001/[Date]

Dear [Branch Manager Name],

As we are nearing the completion of the statutory audit of your branch for FY 2024-25, we would like to schedule a closing meeting to discuss our findings and observations.

The proposed details for the meeting are as follows:

Date: [Date] Time: [Time] Venue: [Location/Online platform details] Expected Duration: [Duration]

Agenda:

1. Summary of audit observations
2. Discussion on major findings
3. Branch management responses and action plans
4. Pending items and their resolution
5. Way forward and closure plan

We request the participation of the following personnel from your end:

1. Branch Manager
2. Operations Manager
3. Department Heads for areas with significant observations
4. Any other relevant personnel you deem necessary

Please confirm your availability for the proposed time slot or suggest an alternative if needed.

Thank you for your cooperation throughout the audit process.

Regards,

[Your Name]

[Your Designation]

[Firm Name]

[Contact Details]

6. Audit Completion Email

Subject: Statutory Branch Audit FY 2024-25 - Completion of Field Work - BBA/FY2425/[Branch Code]/CLO/001/[Date]

Dear [Branch Manager Name],

We are pleased to inform you that we have completed the field work for the statutory audit of your branch for the Financial Year 2024-25 as per our appointment.

We wish to express our sincere appreciation for the cooperation extended by you and your team throughout the audit process. The timely provision of information and prompt responses to our queries have contributed significantly to the smooth conduct of the audit.

As discussed during our closing meeting held on [Date], we have issued [Number] audit memos, out of which [Number] have been satisfactorily resolved, and [Number] are pending resolution. We request you to provide your responses to the pending memos at the earliest to facilitate timely submission of our final report.

We also wish to inform you that based on our audit, the following key matters will be reported in our Long Form Audit Report (LFAR) to be submitted to the Bank's Management/RBI:

1. [Key matter 1]

2. [Key matter 2]

3. [Key matter 3]

If you have any additional information or clarification regarding these matters, please share them with us by [Date].

Our final audit report and LFAR will be submitted to the designated authorities as per the bank's instructions after incorporating your responses to the pending audit memos.

Once again, thank you for your support during the audit. We value our professional relationship and look forward to working with you in the future.

Warm regards,

[Your Name]

[Your Designation]

[Firm Name]

[Contact Details]

7. Document Return Email

Subject: Statutory Branch Audit FY 2024-25 - Return of Documents - BBA/FY2425/[Branch Code]/DOC/001/[Date]

Dear [Branch Manager Name],

This is to inform you that we have completed our review of the documents provided by your branch for the statutory audit for FY 2024-25.

We are returning the following original documents that were provided to us during the audit:

1. [Document 1] - [Reference Number]
2. [Document 2] - [Reference Number]
3. [Document 3] - [Reference Number] ...

Kindly acknowledge receipt of these documents by signing the attached acknowledgment form and returning it to us.

We have retained copies of certain documents for our audit file as per auditing standards requirements. These copies will be maintained confidentially as part of our audit documentation as required by professional standards.

Thank you for your cooperation during the audit process.

Regards,

[Your Name]

[Your Designation]

[Firm Name]

[Contact Details]

8. Special Information Request Email

Subject: Statutory Branch Audit FY 2024-25 - Special Information Request - BBA/FY2425/[Branch Code]/INF/003/[Date]

Dear [Branch Manager Name],

During the course of our audit, we have identified a specific area that requires additional information for thorough examination. This relates to [brief description of the area].

We request you to provide the following specific information at your earliest convenience:

1. [Specific information item 1]
2. [Specific information item 2]
3. [Specific information item 3] ...

This information is critical for completing our assessment of [relevant area] and finalizing our audit observations. We request you to provide this information by [Date] to avoid any delay in the completion of our audit.

If there are any challenges in providing the requested information or if any clarification is needed regarding our request, please feel free to contact us.

Thank you for your continued cooperation.

Regards,

[Your Name]

[Your Designation]

[Firm Name]

[Contact Details]

Particulars	Details 1	Details 2	Details 3	Details 4	Details 5	Details 6
01. CASH - Does the system ensure that cash maintained is in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?						
01. CASH - Have the cash balances at the branch/ATMs been checked at periodic intervals as per the procedure prescribed by the controlling authorities of the bank?						
01. CASH - (i) Does the branch generally maintain / carry cash balances, which vary significantly from the limits fixed by the controlling authorities of the bank?						
01. CASH - (ii) Does the figure of the balance in the branch books in respect of cash with its ATM(s) tally with the amounts of balances with the respective ATMs, based on the year end scrolls generated by the ATMs? If there is any						

difference, same should be reported.						
01. CASH - Whether the insurance cover available with the branch adequately meets the requirement to cover the cash-in hand and cash-in transit?						
02. BANK BALANCES - 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.						
02. BANK BALANCES - Observations on the reconciliation statements may be reported in the following manner:						
02. BANK BALANCES - Cash transactions remaining un-responded (give details)						
02. BANK BALANCES - Revenue items requiring adjustments / write-off (give details)						

02. BANK BALANCES - Other credit and debit entries originated in the statements provided by RBI/other banks, remaining un-responded for more than 15 days:						
02. BANK BALANCES - Where the branch maintains an account with RBI, the following additional matter may be reported: Entries originated prior to, but communicated / recorded after the year end in relation to currency chest operations at the branch/other link branches, involving deposits into/withdrawals from the currency chest attached to such branches (Give details)						
02. BANK BALANCES - In case, any matter deserves special attention of the management, the same may be reported.						
03. Money at Call and Short Notice - Has the branch kept money-at-call and short notice during the year?						
03. Money at Call and Short Notice - Has the year-end balance been duly confirmed and reconciled?						
03. Money at Call and Short Notice - Has interest accrued up to the year-end been properly recorded?						

03. Money at Call and Short Notice - Whether instructions/guidelines, if any, laid down by the controlling authorities of the bank have been complied with?						
04. Investments (for branches outside India) - Investments (for branches outside India)						
04. Investments (for branches outside India) - 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?						
04. Investments (for branches outside India) - 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 evidences with regard to their physical verification have been produced?						

04. Investments (for branches outside India) - 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?						
04. Investments (for branches outside India) - Whether there are any matured or overdue investments which have not been encashed and / or has not been serviced? If so, give details?						
05. Advances - Credit Appraisal - Credit Appraisal						
05. Advances - 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. What, in your opinion, are the major shortcomings in credit appraisal, etc.						

05. Advances - Credit Appraisal - Have you come across cases of quick mortality in accounts, where the facility became non-performing within a period of 12 months from the date of first sanction? Details of such accounts may be provided in following manner:-						
05. Advances - Credit Appraisal - Whether in borrowal accounts the applicable interest rate is correctly fed into the system?						
05. Advances - Credit Appraisal - Whether the interest rate is reviewed periodically as per the guidelines applicable to floating rate loans linked to MCLR / EBLR (External Benchmark Lending Rate)?						
05. Advances - Credit Appraisal - Have you come across cases of frequent renewal / rollover of short-term loans? If yes, give the details of such accounts.						
05. Advances - Credit Appraisal - Whether correct and valid credit rating, if available, of the credit facilities of bank's borrowers from RBI accredited Credit Rating Agencies has been fed into the system?						

05. Advances - Sanctioning / Disbursement - In the cases examined by you, have you come across instances of: (a) credit facilities having been sanctioned beyond the delegated authority or limit fixed for the branch? (b) Are such cases promptly reported to higher authorities?						
05. Advances - Sanctioning / Disbursement - Whether advances have been disbursed without complying with the terms and conditions of the sanction? If so, give details of such cases.						
05. Advances - Sanctioning / Disbursement - Did the bank provide loans to companies for buy-back of shares/securities?						
05. Advances - Documentation - Documentation						
05. Advances - Documentation - In the cases examined by you, have you come across instances of:						
05. Advances - Documentation - Credit facilities released by the branch without execution of all						

the necessary documents? If so, give details of such cases.						
05. Advances - Documentation - Deficiencies in documentation, including non-registration of charges,						
05. Advances - Documentation - non-obtaining of guarantees, etc.? If so,						
05. Advances - Documentation - non-obtaining of guarantees, etc.? If so, give details of such cases.						
05. Advances - Documentation - give details of such cases.						
05. Advances - Documentation - Advances against lien of deposits have been granted without marking a lien on the bank's deposit receipts and the related accounts in accordance with the guidelines of the controlling authorities of the bank.						

05. Advances Review/Monitoring/Supervision - 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 overdue for review/renewal. What, in your opinion, are major shortcomings in monitoring, etc.						
05. Advances Review/Monitoring/Supervision - a) 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?						
05. Advances Review/Monitoring/Supervision - b) Is the DP properly computed?						
05. Advances Review/Monitoring/Supervision - c) Whether the latest audited financial statements are obtained for accounts reviewed / renewed during the year?						

05. Advances Review/Monitoring/Supervision - a) Whether there exists a system of obtaining reports on stock audits periodically?						
05. Advances Review/Monitoring/Supervision - b) If so, whether the branch has complied with such system?						
05. Advances Review/Monitoring/Supervision - c) Details of:						
05. Advances Review/Monitoring/Supervision - Details of cases where stock audit was required but was not conducted						
05. Advances Review/Monitoring/Supervision - Details of where stock audit was conducted but no action was taken on adverse features						
05. Advances Review/Monitoring/Supervision - Indicate the cases of advances to non- corporate entities with limits beyond that is set by the bank where the branch has not						

obtained the duly audited accounts of borrowers.						
05. Advances Review/Monitoring/Supervision - Does the branch have on its record, a due diligence report in the form and manner required by the Reserve Bank of India in respect of advances under consortium and multiple banking arrangements. Give the list of accounts where such certificate/report is not obtained or not available on record.						
05. Advances Review/Monitoring/Supervision - (In case, the branch is not the lead bank, copy of certificate/report should be obtained from lead bank for review and record)						
05. Advances Review/Monitoring/Supervision - 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?						

05. Advances Review/Monitoring/Supervision - Whether there is a substantial deterioration in value of security during financial year as per latest valuation report in comparison with earlier valuation report on record?						
05. Advances Review/Monitoring/Supervision - In respect of advances examined by you, have you come across cases of deficiencies, including in value of securities and inspection thereof or any other adverse features such as frequent/unauthorized overdrawing beyond limits, inadequate insurance coverage, etc.?						
05. Advances Review/Monitoring/Supervision - Whether the branch has any red-flagged account? If yes, whether any deviations were observed related to compliance of bank's policy related with Red Flag Accounts?						
05. Advances Review/Monitoring/Supervision - Comment on adverse features considered significant in top 5 standard large advances and which need management's attention.						

05. Advances Review/Monitoring/Supervision - 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?						
05. Advances - IRAC - Resolution of Stressed Assets - Asset Classification, Provisioning of Advances and Resolution of Stressed Assets						
05. Advances - IRAC - Resolution of Stressed Assets - a) Has the branch identified and classified advances into standard / substandard / doubtful / loss assets through the computer system, without manual intervention?						
05. Advances - IRAC - Resolution of Stressed Assets - b) Is this identification & classification in line with the norms prescribed by the Reserve Bank of India						

05. Advances - IRAC - Resolution of Stressed Assets - c) Whether the branch is following the system of classifying the account into SMA-0, SMA-1, and SMA-2. Whether the auditor disagrees with the branch classification of advances into standard (Including SMA-0, SMA-1, SMA-2) / sub-standard / doubtful / loss assets, the details of such advances with reasons should be given.						
05. Advances - IRAC - Resolution of Stressed Assets - d) Also indicate whether required changes have been incorporated/ suggested in the Memorandum of Changes.						
05. Advances - IRAC - Resolution of Stressed Assets - e) List the accounts (with outstanding in excess of Rs. 10.00 crore) which have either been downgraded or upgraded with regard to their classification as Non-Performing Asset or Standard Asset during the year and the reason thereof.						
05. Advances - IRAC - Resolution of Stressed Assets - f) Whether RBI guidelines on income recognition and provisioning have been followed.						

05. Advances - IRAC - Resolution of Stressed Assets - a) Whether the branch has reported accounts restructured or rephased during the year to Controlling Authority of the bank?	:					
05. Advances - IRAC - Resolution of Stressed Assets - b) Whether the RBI Guidelines for restructuring on all such cases have been followed.						
05. Advances - IRAC - Resolution of Stressed Assets - c) Whether the branch complies with the regulatory stance for resolution of stressed assets, including the compliance with board approved policies in this regard, tracking/reporting of defaults for resolution purposes among others?						
05. Advances - IRAC - Resolution of Stressed Assets - a) Whether the upgradations in non-performing advances is in line with the norms of Reserve Bank of India	:					

05. Advances - IRAC - Resolution of Stressed Assets - b) Where the auditor disagrees with upgradation of accounts? If yes, give reasons thereof.						
05. Advances - IRAC - Resolution of Stressed Assets - Have you come across cases where the relevant Controlling Authority of the bank has authorized 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.	:					
05. Advances - IRAC - Resolution of Stressed Assets - Whether there are any accounts wherein process under IBC is mandated but not initiated by the branch?	:					
05. Advances - IRAC - Resolution of Stressed Assets - Whether there are any borrowers at the branch against whom the process of IBC is initiated by any of the creditors including bank? If yes, provide the list of such accounts and comment on the adequacy of provision made thereto?						

05. Advances - IRAC - Resolution of Stressed Assets - a) Have appropriate claims for credit guarantee (ECGC and others), if any, been duly lodged and settled?	Particulars	Number	Amount			
05. Advances - IRAC - Resolution of Stressed Assets - b) Give details of claims rejected? (As per the given table)						
05. Advances - IRAC - Resolution of Stressed Assets - c) Whether the rejection is appropriately considered while determining the provisioning requirements						
05. Advances - IRAC - Resolution of Stressed Assets - In respect of non-performing assets, has the branch obtained valuation reports from approved valuers for the immovables charged to the bank, once in three years, unless the circumstances warrant a shorter duration?						

05. Advances - IRAC - Resolution of Stressed Assets - 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 compromise/settlement and write-off cases? Details of the cases of compromise/settlement and write-off cases involving write-offs/waivers in excess of Rs. 50.00 lakhs may be given.						
05. Advances - IRAC - Resolution of Stressed Assets - Is the branch prompt in ensuring execution of decrees obtained for recovery from the defaulting borrowers? Give Age-wise analysis of decrees obtained and pending execution.						
05. Advances - IRAC - Resolution of Stressed Assets - Whether in the cases concluded the recoveries have been properly appropriated against the principal / interest as per the policy of the bank?						
05. Advances - IRAC - Resolution of Stressed Assets - In cases where documents are held at centralized processing centres / office, whether the auditor has received the relevant documents as asked by them on test check						

basis and satisfied themselves. Report the exceptions, if any						
05. Advances - IRAC - Resolution of Stressed Assets - List the major deficiencies in credit review, monitoring and supervision.						
05. Advances - IRAC - Resolution of Stressed Assets - NBF - List of borrowers with details of LCs devolved or guarantees invoked during the year.	Sr. No.	Invocation Date	Party Name	Beneficiary Name	Amt	Recovery Date
05. Advances - IRAC - Resolution of Stressed Assets - NBF - List of borrowers where the LCs have been devolved or guarantees have been invoked but not paid with amount thereof.	Sr. No.	Invocation Date	Party Name	Beneficiary Name	Amt	Recovery Date

05. Advances - IRAC - Resolution of Stressed Assets - NBF - List of instances where interchangeability between fund based and non-fund-based facilities was allowed subsequent to devolvement of LC / invocation of BG.						
06 . Other Assets - Suspense Accounts / Sundry Assets - Does the system of the bank ensure expeditious clearance of items debited to Suspense Account? Details of outstanding entries in excess of 90 days 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.						
06 . Other Assets - Suspense Accounts / Sundry Assets - Does your test check indicate any unusual items in these accounts? If so, report their nature and the amounts involved. Are there any intangible items under this head e.g. losses not provided / pending investigation?						

II Liabilities - Deposits - Does the bank have a system of identification of dormant/inoperative accounts and internal controls with regard to operations in such 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 Liabilities - Deposits - 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 branch and give your comments thereon.						
II Liabilities - Deposits - Whether the scheme of automatic renewal of deposits applies to FCNR(B) deposits? Where such deposits have been renewed, report whether the branch has satisfied itself as to the 'non-resident status' of the depositor and whether the renewal is made as per the applicable regulatory guidelines and the original receipts / soft copy have been dispatched.						

II Liabilities - Deposits - Is the branch complying with the regulations on minimum balance requirement and levy of charges on non- maintenance of minimum balance in individual savings accounts?						
II Other Liabilities - The number of items and the aggregate amount of old outstanding items pending for one years or more be obtained from the branch and reported under appropriate heads. Give details thereof.	Year	Number of Items	Amounts	Remarks		
II Other Liabilities - Does your test check indicate any unusual items or material withdrawals or debits in these accounts? If so, give details thereof.						
Contingent Liabilities - List of major items of the contingent liabilities (other than constituent's liabilities such as guarantees, letter of credit, acceptances, endorsements, etc.) not acknowledged by the branch?						
III P&L - Has the test checking of interest/discount/ commission/ fees etc. revealed excess/short credit of a material amount? If so, give details thereof.						

III P&L - Has the branch complied with the Income Recognition norms prescribed by R.B.I.? (The Auditor may refer to the instructions of the controlling authorities of the bank regarding charging of interest on non-performing assets).						
III P&L - Has the test check of interest on deposits revealed any excess/short debit of material amount? If so, give details thereof.						
III P&L - Does the bank have a system of estimating and providing interest accrued on overdue/matured/ unpaid/ unclaimed term deposits including in respect of deceased depositors?						
III P&L - Are there any divergent trends in major items of income and expenditure, in comparison with corresponding previous year, which are not satisfactorily explained by the branch? If so, the same may be reported.						
IV. GENERAL - Gold/Bullion/Security Items - Does the system ensure that gold/bullion is in effective joint custody of two or more officials, as per the instructions of the						

controlling authorities of the bank?						
IV. GENERAL - Gold/Bullion/Security Items - Does the branch maintain adequate records for receipt, issues and balances of gold/bullion and updated regularly? Does the periodic verification reveal any excess/shortage of stocks as compared to book records and if any discrepancies observed have been promptly reported to controlling authorities of the bank?						
IV. GENERAL - Gold/Bullion/Security Items - Does the system of the Bank ensure adequate internal control over issue and custody of 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? Have you come across cases of missing/lost items?						
IV. GENERAL - Books & Records - Whether there are any software / systems (manual or otherwise) used at the branch						

which are not integrated with the CBS? If yes, give details thereof.						
IV. GENERAL - Books & Records - i) In case the branch has been subjected to IS Audit whether there are any adverse features reported and have a direct or indirect bearing on the branch accounts and are pending compliance? If yes give details.						
IV. GENERAL - Books & Records - ii) Whether branch is generating, and verifying exception reports at the periodicity as prescribed by the bank						
IV. GENERAL - Books & Records - iii) Whether the system of bank warrants expeditious compliance of daily exception reports and whether there are any major observations pending such compliance at the year end.						
IV. GENERAL - Books & Records - iv) Whether the bank has laid down procedures for manual intervention to system generated data and proper authentication of the related transactions arising there from along with proper audit trail of manual intervention has been obtained.						

IV. GENERAL - Books & Records - v) Furnish your comments on data integrity (including data entry, checking correctness/integrity of data, no back ended strategies etc.) which is used for MIS at HO / CO level.						
IV. GENERAL - Inter Branch Accounts - 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 un-responded/un-complied queries or communications beyond 7 days? If so, give details?						
IV. GENERAL - Frauds - Furnish particulars of: (i) Frauds detected/classified but confirmation of reporting to RBI not available on record at branch.						
IV. GENERAL - Frauds - (ii) Whether any suspected or likely :						
IV. GENERAL - Frauds - (ii) Whether any suspected or likely fraud cases are reported by branch to higher office during the year? If yes, provide the details thereof related to status of investigation.						

<p>IV. GENERAL - Frauds - (iii) In respect of fraud, based on your overall observation, please provide your comments on the potential risk areas which might lead to perpetuation of fraud (e.g. falsification of accounts/false representation by the borrower; misappropriation of funds especially through related party/ shell company transactions; forgery and fabrication of financial documents like invoices, debtor lists, stock statements, trade credit documents, shipping bills, work orders and encumbrance certificates and avail credit; Use of current accounts outside consortium where Trust and Retention Account (TRA) is maintained, to divert funds; List of Debtors/ Creditors were being fabricated and receivables were not followed up/ write off of debt of related parties; Fake export/shipping bill, etc.; Over statement of invoice amounts, stock statements, shipping bills, turnover; fly by night operations -including the cases where vendors, related/ associate parties, manufacturing units etc. aren't available on the registered addresses; Round Tripping of funds, etc.)</p>						
---	--	--	--	--	--	--

IV. GENERAL - Frauds - (iv) Whether the system of Early Warning Framework is working effectively and, as required, the early warning signals form the basis for classifying an account as RFA.						
IV. GENERAL - kyc - Whether the branch has adequate systems and processes, as required, to ensure adherence to KYC/AML guidelines towards prevention of money laundering and terrorist financing						
IV. GENERAL - kyc - Whether the branch followed the KYC/AML guidelines based on the test check carried out by the branch auditors						
IV. GENERAL - MIS - Whether the branch has the proper systems and procedures to ensure data integrity relating to all data inputs which are to be used for MIS at corporate office level and for supervisory reporting purposes. Have you come across any instances where data integrity was compromised?						
Miscellaneous - In framing your audit report/LFAR, have you considered the major adverse comments arising out of the latest reports						

Audit Procedures for LFAR of Bank Branch Audit

(Generated by Copilot)

IV. GENERAL - Frauds

(i) Frauds detected/classified but confirmation of reporting to RBI not available on record at branch

Audit Procedure:

- Verify the list of detected/classified frauds against the branch's records.
- Check for correspondence or communications with the RBI regarding these frauds.
- Review the branch's internal control processes for reporting frauds.

(ii) Whether any suspected or likely fraud cases are reported by branch to higher office during the year? If yes, provide the details thereof related to status of investigation

Audit Procedure:

- Obtain a list of suspected or likely fraud cases reported to the higher office.
- Verify the details of these cases with the branch's records.
- Examine the status of the investigations and any follow-up actions taken.

(iii) In respect of fraud, based on your overall observation, please provide your comments on the potential risk areas which might lead to perpetuation of fraud

Audit Procedure:

- Review the branch's fraud risk assessment reports.
- Identify potential risk areas from the branch's operational processes.
- Discuss with the branch management about any known vulnerabilities.
- Evaluate internal controls to mitigate these risks.

(iv) Whether the system of Early Warning Framework is working effectively and, as required, the early warning signals form the bases for classifying an account as RFA

Audit Procedure:

- Examine the branch's Early Warning Framework policies and procedures.
- Check the list of accounts classified as RFA and the basis for such classification.
- Review the monitoring and follow-up mechanisms for these accounts.

IV. GENERAL - KYC

Whether the branch has adequate systems and processes, as required, to ensure adherence to KYC/AML guidelines towards prevention of money laundering and terrorist financing

Audit Procedure:

- Review the branch's KYC/AML policies and procedures.
- Verify the implementation of these policies through sample checks.
- Evaluate the training provided to staff on KYC/AML guidelines.

Whether the branch followed the KYC/AML guidelines based on the test check carried out by the branch auditors

Audit Procedure:

- Obtain the test check reports conducted by branch auditors.
- Verify adherence to KYC/AML guidelines through independent sample checks.
- Discuss with branch auditors about any deviations or exceptions noted.

IV. GENERAL - MIS

Whether the branch has the proper systems and procedures to ensure data integrity relating to all data inputs which are to be used for MIS at corporate office level and for supervisory reporting purposes. Have you come across any instances where data integrity was compromised?

Audit Procedure:

- Review the branch's MIS data input processes.
- Check for any discrepancies or inconsistencies in data reporting.
- Evaluate internal controls for ensuring data integrity.
- Discuss with branch staff about any instances of data compromise.

Miscellaneous

In framing your audit report/LFAR, have you considered the major adverse comments arising out of the latest reports

Audit Procedure:

- Review the latest audit and inspection reports.
- Identify any major adverse comments mentioned in these reports.
- Assess the branch's response and corrective actions taken for these comments.
- Incorporate these findings into your audit report/LFAR.

IV. GENERAL - Loans and Advances

(i) Large advances

Audit Procedure:

- Review the list of large advances and assess compliance with lending policies.
- Check borrower creditworthiness and security documentation.
- Evaluate the monitoring process for these advances.

(ii) Adverse features

Audit Procedure:

- Identify advances with adverse features and assess the reasons.
- Review corrective measures taken by the branch.
- Discuss with branch management about any ongoing issues.

(iii) Advances against book debts, receivables, and supply bills

Audit Procedure:

- Verify the documentation and follow-up process for advances against book debts, receivables, and supply bills.
- Check the authenticity of the receivables and supply bills.
- Evaluate the credit risk associated with these advances.

IV. GENERAL - Deposits

(i) Deposits from public

Audit Procedure:

- Review the process for accepting public deposits.
- Check compliance with regulatory guidelines.
- Evaluate the monitoring and reporting mechanisms for public deposits.

(ii) Inter-bank deposits

Audit Procedure:

- Verify the documentation for inter-bank deposits.
- Check the interest rates and terms of these deposits.
- Assess the branch's management of inter-bank deposits.

IV. GENERAL - Other Liabilities

(i) Contingent liabilities

Audit Procedure:

- Review the list of contingent liabilities and assess their impact on the branch's financial position.
- Verify the accuracy of the documentation for these liabilities.
- Evaluate the branch's monitoring process for contingent liabilities.

(ii) Other liabilities

Audit Procedure:

- Identify other liabilities and assess their nature and impact.
- Review the branch's documentation and follow-up process for these liabilities.
- Discuss with branch management about any ongoing issues.

IV. GENERAL - Other Assets

(i) Fixed assets

Audit Procedure:

- Verify the documentation and valuation of fixed assets.
- Check compliance with accounting standards for fixed assets.
- Evaluate the branch's management of fixed assets.

(ii) Other assets

Audit Procedure:

- Identify other assets and assess their nature and impact.
- Review the branch's documentation and follow-up process for these assets.
- Discuss with branch management about any ongoing issues.

IV. GENERAL - Profit and Loss

(i) Income

Audit Procedure:

- Review the branch's income sources and assess their accuracy.
- Verify the documentation for income transactions.
- Evaluate the branch's monitoring process for income.

(ii) Expenses

Audit Procedure:

- Identify the branch's expenses and assess their nature and impact.
- Review the documentation and follow-up process for expenses.
- Discuss with branch management about any ongoing issues.

IV. GENERAL - Miscellaneous

(i) Miscellaneous items

Audit Procedure:

- Review documentation for miscellaneous items.
- Evaluate impact on branch's financial position.
- Discuss with branch management about ongoing issues.