

Audit Under CBS

Compiled by

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1.(b). Have the cash balances at the branch / ATMs been checked at periodic intervals as per the procedure prescribed by the controlling

• Suggested Audit checkpoints:

- Cash Balances as on the date of verification
- Whether Balances as appearing in CBS agree with the balance as mentioned in the periodic review

CBS	Menu Code / Flow
Finacle (7)	ACLI - Account Ledger Inquiry (Vault A/c and Teller Accounts)
Finacle (10)	HACLI, HACLINQ
Bancs	→ Reports → Cash Related → View Cash Summary (Click on Fetch) → Branch Reports → Cash Officer’s Jotting Book Report → Reports → Printing Reports → Cashier / Teller Cash Report
Flexcube	GLM02 - Chart of Accounts GLM04 - GL Transactions and Movement Inquiry EGDLINE - GL Book Dated Balance Detailed EGDGLVDB - General Ledger Value Dated Balances

1.(c)(i). Does the branch generally maintain / carry cash balances, which vary significantly from the limits fixed by the controlling authorities of the bank?

Suggested Audit checkpoints:

– Review of Cash Balances vis-à-vis limit fixed by the controlling authorities

CBS	Menu Code / Flow
Finacle (7)	ACLI - Account Ledger Inquiry (Vault A/c and Teller Accounts) <i>Refer reports generated (if any) by Bank for datewise balance of GL Accounts</i>
Finacle (10)	HACLI, HACLINQ
Bancs	→ Reports → Cash Related → View Cash Summary (Click on Fetch) → Reports → Printing Reports → Cashier / Teller Cash Report
Flexcube	GLM02 - Chart of Accounts EGDLINE - GL Book Dated Balance Detailed EGDGLVDB - General Ledger Value Dated Balances

1.(c)(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.

• Suggested Audit checkpoints:

- Review the Cash Balance and ATM Balance as per GL on the date of verification.
- Whether Cash Shortage is parked in any office account and the entry is not reversed till the date of verification?

CBS	Menu Code / Flow
Finacle (7)	ACLI - Account Ledger Inquiry (Vault A/c and Teller Accounts)
Finacle (10)	HACLI, HACLINQ
Bancs	→ Reports → Cash Related → View Cash Summary (Click on Fetch) → Branch Reports → Cash Officer’s Jotting Book Report → Reports → Printing Reports → Cashier / Teller Cash Report
Flexcube	GLM02 - Chart of Accounts GLM04 - GL Transactions and Movement Inquiry EGDLINE - GL Book Dated Balance Detailed EGDGLVDB - General Ledger Value Dated Balances

LFAR – Assets – Balance with RBI / SBI etc (1)

(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.

- **Suggested Audit checkpoints:**

- Review the Balance as per Balance Certificate and as per Mirror Account / GL.

CBS	Menu Code / Flow
Finacle (7)	ACLI - Account Ledger Inquiry (Vault A/c and Teller Accounts)
Finacle (10)	HACLI, HACLINQ
Bancs	➔ Branch Accounting (BGL) ➔ Enquire ➔ Transaction
Flexcube	GLM02 - Chart of Accounts EGDLINE - GL Book Dated Balance Detailed EGDGLVDB - General Ledger Value Dated Balances

LFAR – Assets – Advances (1)

5(i) – General Instructions - Review of Large Advances (O/s amount is > 10% of O/s aggregate balance of Fund based and Non-fund based advances of the branch or Rs. 10 crores, whichever is less.)

• **Suggested Audit checkpoints:**

- Obtain Report on all advances before commencement of audit.
- The explanation in LFAR contains reference to Fund Based as well as Non Fund Based limit. Hence, report (including NFB Limits) is required.
- Cross check the total advances as per Report obtained. Match it with Total Advance as per Balance Sheet.
- Ascertain the Total Advances (FB + NFB) as per GL / Balance Sheet as on Balance Sheet Date
- Select the Customers qualifying for the limit of 10% / 10 Cr. Based on the above report / computation

CBS	Menu Code / Flow
Finacle	The data would be available in different report formats designed differently by each bank. The reports in certain cases are available within CBS wherein in certain cases the reports are accessible through Intranet. Need to work based on the report generated by Branch / Bank. Important: Obtain Fund Based and Non Fund Based reports.
Bancs	
Flexcube	

5.b.(i) – Credit Appraisal – Renewal of Limits and Enhancement of Limits

• Suggested Audit checkpoints:

- Whether Renewal is carried out within prescribed timelimit? Whether the date of Renewal is updated in CBS?
- Whether Enhancement of Limit is backed by documentation and sanction?
- Whether Enhancement of Limit as per CBS agree with documentation available

CBS	Menu Code / Flow
Finacle (7)	ACI / ACM - Account Master
Finacle (10)	HACM / HACI - Account Master
Bancs	Deposit / CC / OD Accounts & Services DL/TL Account and Services Menu (Enquiry)
Flexcube	BA095 (Account level attributes Inquiry) CHM07 (OD Limit Master Maintenance) – Limit Details

CBS	Menu Code / Flow
Finacle (7)	ACLHM (Account Limit History Maintenance)
Finacle (10)	HACLHM (Account Limit History Maintenance)
Bancs	Deposit / CC / OD Accounts & Services → Enquiries → Interest Rate History → Select 'Limit history' from drop down menu
Flexcube	CH409 (OD Limit History Report) CHM07 (OD Limit Master Maintenance) – Limit Details

5.b.(ii) – Quick Mortality (NPA within 12 months of sanction)**• Suggested Audit checkpoints:**

- Obtain List of NPA Accounts.
- Obtain report containing List of all Advances Accounts with Date of Sanction and Disbursement.
- Review Accounts identified as NPA in year under review.
- Use CBS functionality of Account Master verification for Sanction and Disbursement Date
- Alternatively, Account Statement for transactions can also be reviewed

CBS	Menu Code / Flow
Finacle (7)	ACI / ACM - Account Master
Finacle (10)	HACM / HACI - Account Master
Bancs	Deposit / CC / OD Accounts & Services DL/TL Account and Services Menu (Enquiry)
Flexcube	BA095 (Account level attributes Inquiry) CHM07 (OD Limit Master Maintenance) – Limit Details

5.b.(iii) – Correctness of Interest Rate fed into the system**• Suggested Audit checkpoints:**

- Seek report containing Interest Rate Parameters information for each Advance Account.
In case of unavailability, following alternative process.
- Obtain Report containing all Advances Accounts as on 31.03.20XX
- Use Interest Parameters and Interest change history information related menu codes in CBS.
- Review the same with Sanction Letter (including amendments if any)

CBS	Menu Code / Flow
Finacle (7)	ACM / ACI – Account Master – Current Rate INTTM – Interest Table Master Maintenance (Under Inquire Mode – Account Specific)
Finacle (10)	HINTTM / HINTTI
Bancs	Deposit / CC / OD Accounts & Services → Interest Rate History DL/TL Accounts & Services → Interest Rate History
Flexcube	LN022 (Interest Calculation Inquiry) LN608 (Interest Charges Report) LN801 (Loan Interest Report)

5.b.(iv) – Periodical review of Interest Rate linked to MCLR / EBLR

- Suggested Audit checkpoints:

- Compile datewise change in MCLR / EBLR during the year.
- Review Interest Master details from CBS
- Review Interest Rate Change History through CBS
- Alternatively, Generate Interest Report for entire period and review the different rate of Interest applied in Account. (Accountwise Review)

CBS	Menu Code / Flow
Finacle (7)	INTTM – Interest Table Master Maintenance (Account Specific) AINTRPT – Account Interest Report
Finacle (10)	HINTTM / HINTTI and HAINTRPT
Bancs	Deposit / CC / OD Accounts & Services → Interest Rate History DL/TL Accounts & Services → Interest Rate History Product Sheets (For Detailed computation of Interest)
Flexcube	LN022 (Interest Calculation Inquiry) LN608 (Interest Charges Report) LN801 (Loan Interest Report)

5.b.(v) – Frequent Renewal / Roll over of Short Term Loans

LFAR – Assets – Advances (6)

- Suggested Audit checkpoints:

- Each bank has different set of processes to review / renew loans and updation thereof in CBS.
- Understand the process followed in CBS by Bank.
- Obtain reports of Review / Renewals during the year.
- Alternatively the report of all advances at the beginning of year and end of year will also be useful in identifying changes in Limit Expiry.
- In case of operative accounts, the renewal would also have entry in Drawing Power Limits under SL/DP History.

CBS	Menu Code / Flow
Finacle (7)	ACLHM - Account Limit History Maintenance for DP & SL ACM / ACI – Account Master LTL – Limit Tree Lookup (Tree view of all Limits)
Finacle (10)	HACLHM – Account Limit History HLTL, HLMTREEI – Limit Tree Lookup
Bancs	DL/TL Accounts & Services → Enquiries → Account Deposit / CC / OD Accounts & Services → Enquiries → Deposit / CC / OD Account (<i>Short & Long Inquiry</i>)
Flexcube	CHM07 (OD Limit Master Maintenance) CH409 (OD Limit History Report)

5.b.(vi) – Correctness of Credit Rating fed into the system

LFAR – Assets – Advances (7)

• Suggested Audit checkpoints:

- Understand the process of updation of credit rating information in CBS.
- Whether Credit Rating is updated in CBS or directly in external system
- Ascertain correctness of Credit Rating as per latest Credit Rating Report.
- Obtain list of Accounts wherein External Credit Rating is mandatory.
- Identify cases wherein Credit Score is poor and have been marked as Unrated
- Is there is any manual intervention i.e. updation of credit rating directly in Capital Adequacy computation software

CBS	Menu Code / Flow
Finacle (7)	CUMM / CUMI – Customer Master Maintenance
Finacle (10)	CRM - Customer Master Module
Bancs	Customer Management Menu
Flexcube	CIM09 (Cust. Master Maint.), 7004 (Name & Add. Inquiry)

5.c.(iii) – Loan for Buyback of Shares by Companies

LFAR – Assets – Advances (8)

• Suggested Audit checkpoints:

- Carve out the Corporate Borrowers out of total advances report.
- Review Financial Statements of the Corporate Borrowers.
- Review the Search Report obtained from CS.
- Review Company Master data from MCA Website for any change post to Fin. Statement on record.
- Review communication file with Bank seeking permission for change in capital structure.
- In case of buyback transaction, review account statement for utilization of CC / OD Limit, Term Loan proceeds for the same.

CBS	Menu Code / Flow
Finacle (7)	There is no menu codes / details available in CBS for the said audit area.
Finacle (10)	
Bancs	External information as well as internal communication with borrower to be reviewed.
Flexcube	

5.d.(iii) – 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

• **Suggested Audit checkpoints:**

- Review of Lien Master
- Review of available balance in Fixed Deposit Account (Post Lien marking)
- Changes in Lien

CBS	Menu Code / Flow
Finacle (7)	ALM (Account Lien Maintenance)
Finacle (10)	HALM (Account Lien Maintenance)
Bancs	DL/TL Accounts & Services → Security (Primary / Collateral) → Customer → Enquiry → Enquire Security Summary
Flexcube	TDM24 (Lien Master)

5.e.(ii) – Stock and Book Debt Statements and DP Computation **LFAR – Assets – Advances (10)**

• Suggested Audit checkpoints:

- Review policy of bank to compute DP (w.r.t. How the paid stock is arrived at). Whether Creditors amount is reduced from Stock or reduced only to the extent of value in excess of creditors ascertained at the time of Credit assessment
- Prepare a template in spreadsheet and re-compute the amount.
- In CBS the DP is computed / updated in multiple ways. In certain cases, the CBS derives the DP using Margin percentage fed in and Value of Security updated. In such case review the information from the Security related menu codes from CBS.

CBS	Menu Code / Flow
Finacle (7)	SRM (Security Register Maintenance) CLL (Collateral Maintenance) HCLM (Collateral Maintenance)
Finacle (10)	HSCLM (Collateral Maintenance)
Bancs	DL/TL Accounts & Services → Security (Primary / Collateral) → Customer → Enquiry → Enquire Security Summary
Flexcube	CH066 (Limit Collateral Inquiry) CHM06 (OD Collateral Maintenance) BA433 (Collateral to Account) & BA434 (Account to Collateral) BAM46 (Collateral Propagation / updation in Security Value)

5.e.(vi) – Deterioration in value of Security

• Suggested Audit checkpoints:

- Review security valuation reports.
- Review correctness in updation of Security Value in CBS
- Review History of changes in Security Value from CBS
- Whether CBS is configured to identify and mark the account as NPA basis significant deterioration in Value of Security as per IRAC?

CBS	Menu Code / Flow
Finacle (7)	SRM (Security Register Maintenance) CLL (Collateral Maintenance) HCLM (Collateral Maintenance)
Finacle (10)	HSCLM (Collateral Maintenance)
Bancs	DL/TL Accounts & Services → Security (Primary / Collateral) → Customer → Enquiry → Enquire Security Summary
Flexcube	CH066 (Limit Collateral Inquiry) CHM06 (OD Collateral Maintenance) BA433 (Collateral to Account) & BA434 (Account to Collateral) BAM46 (Collateral Propagation / updation in Security Value)

5.e.(vii) – Frequent / unauthorized Overdrawing

LFAR – Assets – Advances (12)

• Suggested Audit checkpoints:

- Utilization of limit beyond Sanctioned limit
 - Adhoc Limit,
 - Temporary Overdraft (TOD),
 - Erroneous entry,
 - Manipulation through Office Account
- Review of Number (Days) of TOD and Adhoc Limits instances
- Check for cases of multiple / overlapping in TOD & Adhoc limits

CBS	Menu Code / Flow
Finacle (7)	ACTODM / ACTODI (Account TOD Maintenance) ACLHM (Account Limit History Maintenance) TODRP (TOD Register Printing)
Finacle (10)	HACTODI (Account TOD Inquiry) HTODRP (TOD Register Printing)
Bancs	Deposit / CC / OD Accounts & Services → Enquiries → Interest Rate History → Select 'Limit history' from drop down menu
Flexcube	CHM07 (OD Limit Master Maintenance) CH226 (Adhoc List of Overdue CASA Accounts)

5.f.(i)(a) Has the branch identified and classified advances into standard / substandard / doubtful / loss assets through the computer system, without manual intervention?

5.f.(ii)(b) Is this identification & classification in line with the norms prescribed by the Reserve Bank of India

• **Suggested Audit checkpoints:**

- Most challenging part of the Audit Process – Ascertaining automation of IRAC guidelines
- Different set of processes followed by banks.
- Whether Manual Intervention is permissible at branch level? If so to what extent?
Obtain confirmation through MR Letter

*Review through CBS by the Branch auditor, the IRACP circular is dissected in various parts. A comprehensive checklist and useful reports alongside each guideline have been included in the **Annexure 1** to this Presentation*

• **Impact of Manual Intervention (Advances):**

Manual Entry	Probable impact
Interest Rate change	Revenue Leakage / Excess collection of Interest
Change in EMI	Revenue Leakage, NPA Identification
Processing of transactions against un- cleared outward clearing effect	Recovery from customer in case of cheque return
Backdated Renewal Date updation (Updating Date of Renewal on running date with past date)	NPA Identification
Change in Limit – From Non Fund Base to Fund Base	NPA Identification

• **Impact of Manual Intervention (Customer / Account Master):**

Manual Entry	Probable impact
Tax exemption updation	Non compliance with TDS provisions
Dormant to Active	Susceptible to fraud
Interest Table Code as “0”	Revenue Leakage
Interest Collection Flag “N”	Revenue Leakage

*For the list of manual controls at branches refer **Annexure 2** to this presentation*

5.f.(i)(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.

• **Suggested Audit checkpoints:**

- Obtain list of all Advance Accounts as at the end of the year and refer the overdue amount.
- Review from NPA related menu codes in CBS for classification of account correctly as per IRAC guidelines.
- For SMA-0 Refer sign of Stress (Appendix to Part C-1 of Master Cir. on IRAC dt. 01.07.2015) which will warrant the classification.
- Delay in submission of Stock Statements / other stipulated returns / financial statements / non renewal of limits based on Audited Fin. Statements (**Within + out of CBS**)

*Review through CBS by the Branch auditor, the IRACP circular is dissected in various parts. A comprehensive checklist and useful reports alongside each guideline have been included in the **Annexure 1** to this Presentation*

5.f.(i)(c) [Cont...]

- **Suggested Audit checkpoints:**
 - **Falling short of projections (Out of CBS)**
 - **Return of 3 or more cheques on ground of Non availability of Funds / Limits (CBS)**
 - **Devolvement of LC / Invocation of BG and non payment within 30 days (CBS)**
 - **Third request for extension of time for creation of security (Out of CBS)**
 - **Increased frequency of overdrafts in Current Accounts (CBS)**
 - **Borrower reporting stress in the business and financials (Out of CBS)**
 - **Promoters pledging shares in the borrower company due to financial stress. (Out of CBS)**

*Review through CBS by the Branch auditor, the IRACP circular is dissected in various parts. A comprehensive checklist and useful reports alongside each guideline have been included in the **Annexure 1** to this Presentation*

5.f.(ii)(c) – Restructured / Rephased Accounts

- Suggested Audit checkpoints:

- There is no one size fit all menu / report code in CBS available for Restructured Accounts.
- However following changes should be looked into
 - Drawing Power / Sanctioned Limit
 - Interest Master
 - Flow Amount / EMI

*Refer **Annexure 3** for
Financial modelling for
validating Term loans*

5.f.(iii) – Upgradation of Non Performing Advances

- Suggested Audit checkpoints:

- Obtain list of NPA Accounts upgraded during the year.
- Report as at the end of Previous Year and as at the end of Current Year to be compared
- Quarterly reporting on NPA should also be reviewed.
- Whether at the time of upgradation entire overdue (across all facilities) have been recovered
- Information can be accessed through Menu codes in CBS for Account Ledger Inquiry, Outstanding EMI etc.

5.f.(x) – Appropriation of Recovery in Principal & Interest

• **Suggested Audit checkpoints:**

- Obtain Accounting Policy followed by bank for appropriation of recovery in NPA Accounts.
- Review in CBS through EMI Recovery menu options and reversal of Memorandum Interest Transactions from Account Statement menu option for recovery sequence followed.

CBS	Menu Code / Flow
Finacle (7)	ACLI – Account Ledger Inquiry (Review Transactions) HLAFI – Loan Flow Maintenance
Finacle (10)	HLAFI – Loan Flow Maintenance
Bancs	DL/TL Account and Services → Enquiries → Transaction [Addl. Options on Tran. Type available for selection]
Flexcube	LNM10 (Account Transactions Inquiry)

5.g.(i) – List of borrowers with details of LCs devolved or guarantees invoked during the year.

• Suggested Audit checkpoints:

- **Primary Source** - Data from Branch (MR Letter as well)
- Use of CBS (Trade Finance) Menu

CBS	Menu Code / Flow
Finacle (7)	DCQRY - Documentary Credit Query GI - Guarantee Inquiry DCRPTS – DC Reports and Advices
Finacle (10)	HBKDCI – Query on Documentary Credit HDCSTMT – Statement of Documentary Credit HDCGPR – General Purpose DC Report HGI – Guarantee Inquiry
Bancs	To be accessed through Trade Finance Menu
Flexcube	SY001 - Guarantee Inquiry LCROUSD – Outstanding LC Customerwise Report

LFAR – Other Assets – Suspense / Sundry A/cs (1)

6.a.(i) - Expeditious clearance of Suspense Account entries. Outstanding entries, delayed reversal etc.

6.a.(ii) – Unusual items in Office Account

• Suggested Audit checkpoints:

- Identification of Suspense / Sundry / Office Accounts from GL / BS
- Review of Transactions in Office Accounts
- Generation / Review of Report on Outstanding entries in Office Account

CBS	Menu Code / Flow
Finacle (7)	ACLI - Account Ledger Inquiry (Vault A/c and Teller Accounts) IOT – Inquire on Transaction MSGOIRP – Outstanding Items Report
Finacle (10)	HACLI, HACLINQ, HIOT
Bancs	BGL → Enquire → Transaction “Outstanding BGL Transaction” Report
Flexcube	GLM02 - Chart of Accounts GLM04 - GL Transactions and Movement Inquiry EGDLINE - GL Book Dated Balance Detailed EGDGLVDB - General Ledger Value Dated Balances

III.(a) Test Checking of Interest / Discount / Commission / Fees

• Suggested Audit checkpoints:

- Review of Interest application
- Review of Bill Discounting computation
- Review of Fees, Commission and other charges enabling events and accounting thereof.

CBS	Menu Code / Flow
Finacle (7)	AINTRPT (Interest Report for Accounts)
Finacle (10)	HAINTRPT (Interest Report for Accounts) HINTPRF (Interest Proof Report)
Bancs	<ul style="list-style-type: none"> • Deposit / CC / OD Accounts & Services → Enquiries → Interest Rate History • Interest Product Sheet
Flexcube	LN022 (Interest Calculation Inquiry) LN608 (Interest Charges Report) LN801 (Loan Interest Report)

III.(b) Adherence to Income Recognition norms

• **Suggested Audit checkpoints:**

- Review accounting entries for Income recognition in NPA Accounts
- Review methodology deployed to ascertain **unrealized interest in case of CC Account** and **additional interest** (on account of delayed payment of instalments in **case of Term Loan Accounts**)

CBS	Menu Code / Flow
Finacle (7)	AINTRPT (Interest Report for Accounts)
Finacle (10)	HAINTRPT (Interest Report for Accounts) HINTPRF (Interest Proof Report)
Bancs	<ul style="list-style-type: none"> • Deposit / CC / OD Accounts & Services → Enquiries → Interest Rate History • Interest Product Sheet
Flexcube	LN022 (Interest Calculation Inquiry) LN608 (Interest Charges Report) LN801 (Loan Interest Report)

Illustrative reports of Advances in MISRPT

Report Number List -- Webpage Dialog

Report Number List

Report Number	Report Name
ACH	ASSET HISTORY DETAILS
ACINT01	REPORT ON ACCOUNT CARD RATE OF INTEREST
ADVJOT1	Branch wise advance accounts
ADVJOT2	Branch wise LATDR accounts
ASM01	ASM Appointments Position Report
ASM02	ASM Reports Closure Position
BANKEXPO	Report For Bank Exposure
CERSAI	Report on CERSAI SI Registration Transactions
CERSAI2	CERSAI - Registration Report
CERSAIMS	CERSAI - Modification AND Satisfaction Report
CNTRYEXP	Sol wise report for Country Exposure
COMPOTS1	Report For COMPOTS Menu
EDU002	EDU LOAN with Simple INT where Moratorium is over
EXTRPTFB	External Credit Rating Expired(Fund Based)
EXTRPTNF	External Credit Rating Expired(Non Fund Based)
GOLDLNDT	GOLD LOAN DETAILS REPORT
GUAR01	Guarantor Information Report
INS001	Insure amount less than OS
INSPCTN	INSPECTION PENDING DATE
INSPEND	INSURANCE PENDING DATE
L444CPEN	A/Cs where L444C is pending as on date
LA007	Installment Arrears Report
LA008	Report on Demand Recovery(Schm Type)
LA010	Report on Demand Recovery
LAA001	Scheme Code-wise Loans Overdue Report
LAA002	Latest OverLimits for Loan Accounts
LAA003	Scheme Type wise Loans Overdue Report
LOANLINK	SB and CD A/Cs linked with Loan A/Cs

Report Number List -- Webpage Dialog

LOANS001	Annual(Review) charges-advance report
LOANS002	PPC and DOC charges-CCOD - Actual
LOANS003	Annual charges-Actuals
MSME01	MSME RESTRUCTURE DATA
NEGSTK	Insufficient Credit towards Interest Debits
NPACCINQ	REPORT ON NPA CREDIT CARD DETAILS
NPA_CR1	Recovery in NPA Accounts with Detail Transaction
NPA_CR2	Recovery in NPA Accounts - Consolidate
OVDSTK	Overdue Stock Statement Report
OverDue	Loan OverDue Reminder
PRIORITY	Loan interest for clubbed loans in priority sector
RELFC	CROP SUBVENTION
REVPEND	Report for Pending Review Date
REV_TL	Review Of Term Loans with O/S less than 5cr
Reviw dt	Report on LN/CC/OD accounts with review date / cust_rating/interest rate
SADVRPT	Zone Wise Sanctioned Advance Report
SANCEXP	Sanction Limit Expiry Date
SASCL	System Asset Classification Report
SFT001	Staff Housing Loan Interest Certificate
SMA001	MONITORING OF MOVEMENT OF SMA
SMA_RPT	SMA list of accounts
SME01	Report for MIS Group Code
SRM01	Securities Linked To Customer Id Report
SRTO	Small Road Transport Operators
STKADT	Report For STKADT Menu
SUBSIDY	ACCOUNT WISE SUBSIDY DETAILS
TDR003	Loan against TDR where Lien is not marked for TDR
TRANDET	Transaction having DR-CR for the same AC
URI	SYSTEM GENERATED UNREALISED INT
VALUEEXP	Valuation Expiry Date
VEHBLANK	Wrong Vehicle Number

How to generate a report from MISRPT

The screenshot displays the Finacle Core Banking interface. At the top left is the Finacle logo. The main header contains the text "Universal Banking Solution from Infosys" and the date "15 March, 2024 | User [redacted] | 80150". On the right side of the header, there are navigation links: "Menu", "Show Memo Pad", "Background Menu", and "CCY Converter". A red box highlights a search field labeled "Menu Shortcut:" with the text "MISRPT" entered and a "Go" button next to it. On the left side, a "Menu" sidebar is open, listing various menu items. The item "FINRPT - Report Generation" is highlighted, indicating the current selection. The main content area of the page displays the text "Welcome to Finacle Core Banking".

Finacle[®]

Universal Banking Solution from Infosys

15 March, 2024 | User [redacted] | 80150

Menu Shortcut: MISRPT Go

Menu

- Favorites ! (FAVMNU)
- ONS User Menu
- ONS Batch Menu
- ONS Administrators Utilities Menu
- ONS Batch Menu
- ONS Batch Menu
- ONS Upload Menu
- ONS Trade Finance Menu
- ONS Trade Finance Menu
- ONS Trade Finance Menu
- ONS Trade Finance Menu
- ONS Batch Menu
- ONS Batch Menu
- FINRPT - Report Generation**
- FINRPT - Report Template Maintenance
- Finacle Integrator Menu
- HCRV Portal Tab, LHN-A menus
- Islamic Banking menus
- Islamic Assets Reports and Inquiries
- Factoring
- AccountsPayable
- ONS User Menu 1
- ONS SSA Upload Menu
- RELAXTIONS OF ACCOUNTS (ACCTD1
- FILE TRANSFER1 (FILETR1)

Welcome to Finacle Core Banking



MIS Reports

Module Name *
Report Number *

NPA

Go Clear

--Select--

Report Number List -- Webpage Dialog

Report Number List

Report Number	Report Name	Module Name
ARC01	Statement of ARC Assined Account	NPA
CNPATSTD	LIST OF ACCOUNTS UPGRADED AT DATA CENTRE	NPA
EXSASCL	EXSASCL Detail Report	NPA
EXUPGRAD	EXUPGRAD Detail Rerpot	NPA
NPASLP	NPA Slippages Report	NPA

Close



MIS Reports

Module Name *
Report Number *

NPA

NPASLP

Amount in L/C/T/R

--Select--

Go Clear

NPA Slippages Report

Module Name	NPA	Report Number	NPASLP
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Solid *	<input type="text" value="80150"/>		
From Amt *	<input type="text" value="0"/>		
To Amt *	<input type="text" value="99999999999999.99"/>		
From Date	<input type="text" value="01-04-2023"/>		
To Date *	<input type="text" value="15-03-2024"/>		
From Classfn *	<input type="text" value="01"/>		
To Classfn *	<input type="text" value="40"/>		

Submit Validate Cancel

MIS Reports

Report generated successfully. Report has been sent to HPR menu option

Ok

MIS Reports

 Report generated successfully. Report has been sent to HPR menu option

Ok

Print Queue Inquiry

Report Type *	<input checked="" type="radio"/> Online <input type="radio"/> Scheduled	User ID	<input type="text" value="2SCA80150"/>	Help 
SOL ID	<input type="text"/>	Job ID	<input type="text"/>	

Go

Clear

Print Queue Inquiry

[Help ?](#)

Report Type *	<input checked="" type="radio"/> Online <input type="radio"/> Scheduled	User ID	<input type="text" value="2SCA80150"/>
SOL ID	<input type="text"/>	Job ID	<input type="text"/>

Page 1 of 4 [▶](#)

Select	User ID	Report Name	Date	Print Status	Pages	Printer ID	Copies	Del. After Print	View Details
<input type="checkbox"/>	2SCA80150	NPA Slippage ReportNFS	15-03-2024 17:18:37		1	<input type="text" value="FINPR"/>	<input type="text" value="1"/>	<input checked="" type="checkbox"/>	

Print Queue Inquiry

[Help ?](#)

User ID	2SCA80150	Report Name	NPA Slippage ReportNFS
Report To	MANAGER	Print Status	
No. of Pages	1	Report Date	15-03-2024 17:18:37
Print File Name	npaslpdp00119751.rptNFS	Printer ID	FINPR LOCAL PRINTER
Copies	1	Del. after Print	N

Netcast Report Distribution Details

SOL ID <input type="text"/>	User ID/User Group <input type="text"/>
-----------------------------	---

Transfer File to PC

 Please click on Save to Download

Do you want to open or save **npaslpdp00119751.rptNFS** from **psms.starfina.boicorp.net**?

NPA SLIPPAGES IN THE PERIOD 01-04-2023 TO 15-03-2024 WHERE OUTSTANDING AMT IS FROM 0 TO 99999999999999.99

MAIN CLASS. FROM :01 TO 02

ACCT NO	SANCTIONING AUTHORITY	DATE	SANCTIONED LIMIT(Rs.)	NPA FROM	OUTSTANDING AMT(Rs.)	OLD SUB CLASSIFICATION	NEW SUB CLASSIFICATION
80151110000110			0.00	04-12-2004	52,508.59	11-STANDARD REGULAR	11-STANDARD REGULAR
801510110000403			0.00	18-08-2018	971.52	11-STANDARD REGULAR	11-STANDARD REGULAR
801565410000200	M.COM	09-06-2023	7,30,00,00,000.00	09-06-2023	2,14,19,21,359.00	11-STANDARD REGULAR	11-STANDARD REGULAR
801520910000016			0.00	16-11-2011	1,54,380.01	11-STANDARD REGULAR	11-STANDARD REGULAR
801520910000018			0.00	11-04-2012	9,24,121.87	11-STANDARD REGULAR	11-STANDARD REGULAR
801565410000180	M.COM	11-01-2024	3,00,00,00,000.00	28-09-2017	2,14,89,15,542.83	11-STANDARD REGULAR	11-STANDARD REGULAR
801510110000388			0.00	28-05-2015	5,956.20	11-STANDARD REGULAR	11-STANDARD REGULAR
801510110000392			0.00	21-11-2015	30,112.35	11-STANDARD REGULAR	11-STANDARD REGULAR
801511110000007			0.00	03-02-2007	41,601.93	11-STANDARD REGULAR	11-STANDARD REGULAR
801510110000413			0.00	10-10-2019	1,06,052.88	11-STANDARD REGULAR	11-STANDARD REGULAR
801510110000254			0.00	19-11-2009	31,534.46	11-STANDARD REGULAR	11-STANDARD REGULAR
801510110000416			0.00	16-09-2020	13.65	11-STANDARD REGULAR	11-STANDARD REGULAR
801510110000389			0.00	28-05-2015	1,54,477.00	11-STANDARD REGULAR	11-STANDARD REGULAR
801565410000195	M.COM	06-12-2023	3,00,00,00,000.00	20-07-2021	2,49,92,22,711.24	11-STANDARD REGULAR	11-STANDARD REGULAR
801520110000040			0.00	19-02-2007	3,820.82	11-STANDARD REGULAR	11-STANDARD REGULAR
801520110000073			0.00	09-04-2008	5,34,635.96	11-STANDARD REGULAR	11-STANDARD REGULAR
801520110000171			0.00	22-12-2014	9,820.00	11-STANDARD REGULAR	11-STANDARD REGULAR
801510110000049			0.00	29-02-2008	1,025.82	11-STANDARD REGULAR	11-STANDARD REGULAR
801568310000066	Zonal Manager/AGM/Zo	12-02-2024	2,25,000.00	12-02-2024	2,25,332.00	11-STANDARD REGULAR	11-STANDARD REGULAR
801545110001290			0.00	07-02-2022	4,37,000.63	11-STANDARD REGULAR	11-STANDARD REGULAR
801545110001295			0.00	11-03-2022	12,58,732.00	11-STANDARD REGULAR	11-STANDARD REGULAR
801545110001302			0.00	12-04-2022	8,97,493.00	11-STANDARD REGULAR	11-STANDARD REGULAR
801545110001305			0.00	11-05-2022	3,46,193.00	11-STANDARD REGULAR	11-STANDARD REGULAR
801545110001324			0.00	21-07-2022	13,23,892.70	11-STANDARD REGULAR	11-STANDARD REGULAR
801545110001325			0.00	21-07-2022	4,05,493.25	11-STANDARD REGULAR	11-STANDARD REGULAR
801545110001326			0.00	08-08-2022	2,55,134.81	11-STANDARD REGULAR	11-STANDARD REGULAR
801545110001333			0.00	03-09-2022	1,07,393.00	11-STANDARD REGULAR	11-STANDARD REGULAR

To check the active limits of a Borrower

Finacle[®]

Universal Banking Solution from Infosys

15 March, 2024 | User [redacted] | 40440 | Menu Shortcut

HACLHI | x Go

Menu

- Favorites ! (FAVMNU)
- ONS User Menu
- ONS Batch Menu
- ONS Administrators Utilities Menu
- ONS Batch Menu
- ONS Batch Menu
- ONS Upload Menu
- ONS Trade Finance Menu
- ONS Trade Finance Menu
- ONS Trade Finance Menu
- ONS Trade Finance Menu
- ONS Batch Menu
- ONS Batch Menu
- FINRPT - Report Generation
- FINRPT - Report Template Maintenance
- Finacle Integrator Menu
- HCRV Portal Tab, LHN-A menus
- Islamic Banking menus
- Islamic Assets Reports and Inquiries
- Factoring
- AccountsPayable
- ONS User Menu 1
- ONS SSA Upload Menu
- RELAXTIONS OF ACCOUNTS (ACCTDT)
- FILE TRANSFER1 (FILETR1)
- Menu for Updation of CRM/ATM (CRMUF)
- Customized LADGEN (SNALINK)
- Customized HMKCIF (HMKCIF)
- New Menu Creation eabrt (KISANPAY)

Welcome to Finacle Core Banking

Account Limit History Details

A/c. ID *

A/c. Selection * Show Active Limits Show all Limits

Help ?

Account Limit History Details

A/c. ID * INR 44000

A/c. Selection * Show Active Limits Show all Limits

Help ?

Balance	1,99,94,048.66 Dr	Drawing Power Indicator	DERIVED FROM COLLATERALS
Drawing Power Pcnt.	0.000000	Drawing Power	2,00,00,000.00Cr
Recalled	No		

Limit	Record Created Date	Applicable Date	Expiry Date	Loan Document Date	Review Date	Status
2,00,00,000.00Cr	27-09-2023	27-09-2023	27-09-2024	02-03-2015	26-09-2024	ACTIVE

To check instalment appropriation in case of Term Loans

The screenshot displays the Finacle Core Banking interface. At the top left is the Finacle logo. The main header bar contains the text "Universal Banking Solution from Infosys" on the left, the date "15 March, 2024" and "User 2" in the center, and a "Menu Shortcut: HLAOPI" field on the right. The "Menu Shortcut" field is highlighted with a red box. Below the header bar, there are several menu items listed in a sidebar on the left, including "Favorites ! (FAVMNU)", "ONS User Menu", "ONS Batch Menu", "ONS Administrators Utilities Menu", "ONS Batch Menu", "ONS Batch Menu", "ONS Upload Menu", "ONS Trade Finance Menu", "ONS Trade Finance Menu", and "ONS Trade Finance Menu". The main content area on the right displays the text "Welcome to Finacle Core Banking".

Finacle[®]

Universal Banking Solution from Infosys

15 March, 2024 | User 2

Menu Shortcut: HLAOPI x Go

Menu

- Favorites ! (FAVMNU)
- ONS User Menu
- ONS Batch Menu
- ONS Administrators Utilities Menu
- ONS Batch Menu
- ONS Batch Menu
- ONS Upload Menu
- ONS Trade Finance Menu
- ONS Trade Finance Menu
- ONS Trade Finance Menu

Welcome to Finacle Core Banking

Loans Overdue Position Inquiry

Help ?

SOL Set ID *	<input type="text" value="44100"/>
A/c. Manager ID	<input type="text"/>
From A/c. ID	<input type="text" value="441070210000007"/>
CIF ID	<input type="text"/>
Demand Type	<input type="text" value="Select"/>
Health Code	<input type="text"/>
General Ledger Subhead Code	<input type="text"/>
From Liability	<input type="text"/>
From Sanction Limit	<input type="text"/>
Sanction Level	<input type="text"/>
Ledger No.	<input type="text"/>
Sector Code	<input type="text"/>
Customer Constitution	<input type="text"/>
From Due Pcnt.	<input type="text"/>
From Overdue Pcnt.	<input type="text"/>
Demand Effective From Date	<input type="text"/>
Age (MMM/DDD)	<input type="text"/>
From A/c. Closing Date	<input type="text"/>
Demand Recovery	<input type="text" value="A - All Demands"/>
Main Asset Classification	<input type="text"/>
Last Asset Classification Date	<input type="text"/>

CCY *	<input type="text" value="INR"/>
To A/c. ID	<input type="text" value="441070210000007"/>
Community	<input type="text"/>
Demand Subtype	<input type="text" value="Select"/>
Scheme Code	<input type="text"/>
To Liability	<input type="text"/>
To Sanction Limit	<input type="text"/>
Sanction Authority	<input type="text"/>
Priority Loan	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> None
Subsector Code	<input type="text"/>
Repayment Period (MMM/DDD)	<input type="text"/>
To Due Pcnt.	<input type="text"/>
To Overdue Pcnt.	<input type="text"/>
Demand Effective To Date	<input type="text"/>
As of Date *	<input type="text" value="15-03-2024"/>
To A/c. Closing Date	<input type="text"/>
Product Group	<input type="text"/>
Subasset Classification	<input type="text"/>
Select A/c.	<input type="text"/>

Loans Overdue Position Inquiry

Total No. of A/c.	1	Total Liability	3,50,87,373.62	Help ?
Demand - Non Interest	53,97,103.20	Demand - Interest	99,81,129.00	
Collection - Non Interest	28,97,498.18	Collection - Interest	80,10,865.00	
Due - Non-Int.	24,99,605.02	Due - Int.	19,70,264.00	
Due Pcnt. - Non Interest	46.313826	Due Pcnt. - Interest	19.739891	
Overdue - Non Interest	24,99,605.02	Overdue - Interest	19,70,264.00	
Overdue Pcnt. - Non Interest	46.313826	Overdue Pcnt. - Interest	19.739891	
CCY	INR			

A/c. ID	Non Interest		Interest		View Details
	Demand	Collected Overdue	Demand	Collected Overdue	
[Redacted]	53,97,103.20 INR	28,97,498.18 INR 24,99,605.02 INR	99,81,129.00 INR	80,10,865.00 INR 19,70,264.00 INR	[]

Back Cancel Print

Loans Overdue Position Inquiry

A/c. ID	INR 44100 [Redacted]	Help ?	
Collateral Value	5,49,41,000.00	Collection Overflow	0.00
Liability	3,50,87,373.62	Interest Liability	10,70,264.00
Interest Routed Through	Loan Account	Interest Waived Amt.	[]
Fee Demand	3,87,103.20	Fee Collected	3,87,103.20
Advance Interest Collected	0.00	Discounted Rate of Interest	0.000000
Total No. of Overdue Installment	21	Deferred Interest Outstanding at Maturity	0.00
No. of Upfront Installment	0	Upfront Installment Interest Amt.	0.00
Upfront Installment Principal Amt.	0.00	Prepayment Year to Date	[]
Prepayment up to Date	[]	Current Overdue Installment	3
Crystallized Amt.	0.00 []		

Demand Type/Subtype	Flow ID	Demand Effective Date	Installment Amt.	Collection Amt.	Adjusted Date	Overdue	View Details
P - N	PRDEM	30-12-2023	25,00,000.00	394.88	25-01-2024	Yes	[]
I - P	PIDEM	30-12-2023	18,539.00	0.00		Yes	[]
I - N	NIDEM	30-12-2023	19,53,726.00	0.00		Yes	[]
O -	CHGOT	28-07-2023	2,91,582.00	2,91,582.00	21-10-2023	Yes	[]
P - N	PRDEM	30-06-2023	25,00,000.00	25,00,000.00	27-08-2023	Yes	[]
I - P	PIDEM	30-06-2023	8,772.00	8,772.00	27-09-2023	Yes	[]
I - N	NIDEM	30-06-2023	10,24,811.00	10,24,811.00	28-09-2023	Yes	[]
B -	CHGBK	28-03-2023	42,834.00	42,834.00	20-09-2023	Yes	[]
O -	CHGOT	24-01-2023	100.00	100.00	29-03-2023	Yes	[]
I - P	PIDEM	30-12-2022	8,848.00	8,848.00	29-03-2023	Yes	[]
I - N	NIDEM	30-12-2022	18,21,348.00	18,21,348.00	29-03-2023	Yes	[]
B -	CHGBK	17-11-2022	42,120.00	42,120.00	10-12-2022	Yes	[]
I - P	PIDEM	30-06-2022	7,885.00	7,885.00	24-09-2022	Yes	[]
I - N	NIDEM	30-06-2022	18,15,923.00	18,15,923.00	28-09-2022	Yes	[]
O -	CHGOT	31-03-2022	8,301.20	8,301.20	20-06-2022	Yes	[]

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
1	Analysis of Branch Profile	Loans Dump from AIMS	Finacle	Pivot Table	Scheme code wise No.of Accounts, Sanction Amt, Bal O/S	To understand the advances profile of the branch
2	Analysis of Branch Profile	Loans Dump from AIMS	Finacle	Vlookup	Mapping Scheme Code with Scheme Description & GL Description	To understand the type of Scheme or facility
3	ROI Analysis - Overall	Loans Dump from AIMS	Finacle	Filter & Sort for Rate column	Identify Lowest & Highest Rates & Analyse with the actual rates of that scheme	Interest Rate Variation
4	Scheme Codewise Data Separation	Loans Dump from AIMS	Finacle	Filter & Sort for Scheme Column	Further Analysis Scheme wise	Separate picture of each scheme would be available

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
5	Scheme wise Priority & Non Priority Analysis	Loans Dump from AIMS	Finacle	Filter & Sort for Nature of Advance Column	Basel MOC & LFAR Commenting	Proper Categorisation into Priority & Non Priority
6	ROI Analysis - Schemewise	Loans Dump from AIMS	Finacle	Filter & Sort for Rate column for each Scheme Sheet	Reasons for Highest & Lowest	Schemewise ROI
7	Accounts Sanctioned during the year	Loans Dump from AIMS	Finacle	Filter & Sort for Sanction Date column & on Sanction Limit	To Select the samples for analysis	Sample Selection
8	Accounts Opened & Closed during the year	Loans Dump from AIMS	Finacle	Filter & Sort for Sanction Date column &	To ascertain why accounts have been opened and closed within the same year	Remove Jewel Loans & Loan against TDs and then check why so?

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
9	Analysis of Repeated Customer Code for Same PAN	Loans Dump from AIMS	Finacle	Concatenate PAN & Custcode along with*; Paste special Values, Remove Duplicates; Demerge with Convert Text to Fixed Columns(Alt+D+E); Pivot Table	Identify Repeated Cust Code for the same person and check NPA status of all accounts for all repeated Cust codes	Same PAN multi cust codes

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
10	Jewel Loans Verification	Loans Dump from AIMS	Finacle	Filter & Sort Date wise	To check any pending renewals beyond 3 months & related classification (whether NPA properly reflected)	Jewel Loans Agri 7% - Limit Rs.2 lakh per person; Non Agri - Higher Rate No limit)
11	Account Summary of OD/CC Accounts	Specific Period Statement of Accounts from Websolutions	Finacle	Filter	To Analyse Self withdrawals, Cash Deposit, Interest Quantification etc.	To check end use of funds

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
12	Wrong Names between papers & Account Name	Loans Dump from AIMS	Finacle	Concatenate Custcode & Account Name along with*; Paste special Values, Remove Duplicates; Demerge with Convert Text to Fixed Columns(Alt+D+E); Pivot Table	To Analyse Documentation Errors	Mismatch between Doc Name & Account Name in system

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
13	Analysis of Out of Order Accounts	Loans Dump from AIMS	Finacle	Filter OD/CC Accounts Reduce Sanction limit from Balance O/s & if negative check the account statements to see the duration of out of order	If Out of Order for beyond 90 days	Even if Credits are insufficient to service interest then again it is out of order if such status continues for 90 days it becomes NPA even though the balance

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
14	Educational Loans	Loans Dump from AIMS	Finacle	Reduce Sanction limit from Balance O/s & if negative check the date of sanction, account statements & Loan Papers to check if any rescheduling is there or is it a potential NPA	Identify health of the account & proper classification	Classification check in Edu loans & reasons for delayed repayment

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
15	Limit Expiry Dates	Loans Dump from AIMS	Finacle	Sort it by Oldest to Newest	Strange Parameters & reasons for the same	Strange Parameters & reasons for the same
16	Scheme Description Discrepancy	Loans Dump from AIMS & Scheme Master	Finacle	Vlookup	Mapping Scheme Code with Scheme Description & GL Description & understand whether Loans issued under proper schemes	Scheme says Agri but non Agri loans issued under the same scheme
17	Bal O/s / Total Disbursement (If Total Disb is Nil then Sanction Amt)	Loans Dump from AIMS	Finacle	Division Formula; Sort Highest to lowest	Wherever Value is > 1 analyse the reasons for so eliminate product categories wherever it is natural to be so	Will give indication of Stressed Accounts; Check with HC2 if reported OK

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
18	Short Review Identification	Loans Dump from AIMS	Finacle	Subtraction Formula between Sanction Limit & Limit Expiry; Sort the resulting days lowest to highest & identify below 365 days, reasons for the	Select the samples & check documentation whether request letter is recd from party & how credit assessment done; Sometimes it will only be updated in the system	System Info update without underlying documents could be identified

Use of Excel – Bank Audit

Sl.No	Description	Reports	CBS	Tools used	Purpose	Notes
19	End Use Check	Accounts Summary	Any	Filter particulars with text filters as containing self	Usage of self cheques in CC & OD Accounts which indicates end use not monitored	Generally CC facilities provided for Working Capital & Stock -Self Cheque might indicate diversion of funds
20	PA NPA Cross Check	Loans Dump from AIMS	Finacle	PAN based Vlookup	To check if borrowerwise classification is proper or not	Multi cust code to same PAN will lead to diff classifications for cust code wise
21	Multi Agri Jewel Loans Rate check	Loans Dump from AIMS	Finacle	Conditional Formatting on Cust code; Filter color & Pivot	To check if same borrower multiple crop loans at multiple rates are issued and if there is any diversification of loans	To check if same borrower multiple crop loans at multiple rates are issued and if there is any diversification of loans

Use of Excel – Bank Audit Documentation

Annexure - Audit Engagement Letter AEL Red arrows indicate sheet with content to be picked as a drop down

Auditor Requirement	LFAR Ref	Team Ref	Obtained from Bank	Auditor Review Comment	Bank Reply	Significant Notes	LFAR Reporting Clause	Annx Ref
Concurrent Audit reports for all months during the financial year ending 31st March 2020.	7(a)	CA	10 months files provided	party A unit closed, party Z not submitting stk stmnts, Party M restructuring nt as per RBI. Party A,B, Z, R are NPAs	reply without evidence	Misapplication of advances not for intended end use		1 m
Annual Audit Report for the year ended March 2020(including MOC's, if any).	7(a)							
Duly audited and signed Closing Returns for the year ended 31st March 2020.	7(a)							
EXTRACTS OF THE RBI Annual Financial Inspection (AFI) report u/s 35 for 2020-20 (submitted to the bank)	7(a)							
Any other RBI Inspection report (FEMA etc.)	7(a)							
Stock Audit Reports issued during 2020-20.	7(a)							
Long Form Audit Report for 2020-20.	7(a)							

Excel Tab Navigation: TB Pivot | SCA | Significant Audit Notes | Team | audit note | LFAR | Info Required_AEL | **Audit Control Sheet** | Othr Rpts | Info Not Provided

Common Risks Associated With the Use of Publicly Available AI Tools

RISK	EXPLANATION	SAMPLE MITIGATION STEPS
Data is inaccurate due to a biased algorithm	The algorithm has been trained on data that was collected, classified, or otherwise subjected to biases	
Data has been “poisoned”	An AI tool has been deliberately given inaccurate, biased, or otherwise bad information, which it then uses in developing responses	Don't accept AI-generated responses as completely accurate; apply professional skepticism and verify all information
Users place too much reliance on AI-generated content	Internal auditors or other staff blindly “copy and paste” information from the tool	
Confidential information is provided in the prompts	Users enter information into the chat that is not meant for public consumption	Remove any potential identifying information from prompts

Artificial intelligence was asked to make a picture of Mother Teresa fighting against poverty.



AI in Bank Audit Sample Use Cases

Use Case 1 – EMI validation for hidden rescheduled advances to prevent NPA

✓ You

LOAN AMOUNT	INTEREST RATE	OUTSTANDING	SANCTION DATE	EMI AMOUNT
3,50,000.00	7.00%	2,16,992.00	17-12-2007	3,126.00
3,20,000.00	7.00%	1,46,559.00	19-12-2018	2,396.00
1,97,000.00	7.00%	1,06,444.00	21-07-2009	1,797.00
12,00,000.00	6.00%	6,97,734.00	25-06-2018	7,143.00
3,00,000.00	7.00%	1,59,999.00	14-07-2011	2,273.00
3,80,000.00	7.00%	2,70,284.00	20-07-2011	3,688.00
3,94,000.00	11.55%	1,81,353.00	02-09-2011	7,062.00
42,00,000.00	12.05%	28,16,818.00	18-10-2011	68,008.00
10,24,000.00	10.55%	5,03,542.00	04-11-2011	17,809.00
45,00,000.00	15.95%	17,20,363.00	30-01-2012	97,150.00

**Sample
Input**

Query:

I am sharing a simulated excel data which has the column labels which defines the data in the respective columns. Based on the information given, calculate the term of each loan by adding a sixth column to the given table



Data Analyst

Certainly! You can download the updated Excel file with the calculated loan terms using the link below:

[Download the updated Excel file](#)

LOAN AMOUNT	INTEREST RATE	OUTSTANDING	SANCTION DATE	EMI AMOUNT	TERM (Months)
350000	0.07	216992	17/12/2007	3126	183
320000	0.07	146559	19/12/2018	2396	260
197000	0.07	106444	21/07/2009	1797	176
1200000	0.06	697734	25/06/2018	7143	368
300000	0.07	159999	14/07/2011	2273	253
380000	0.07	270284	20/07/2011	3688	158
394000	0.1155	181353	02/09/2011	7062	81
4200000	0.1205	2816818	18/10/2011	68008	97
1024000	0.1055	503542	04/11/2011	17809	81
4500000	0.1595	1720363	30/01/2012	97150	73

Result – ChatGPT

Based on parameters

Term Calculated

Note: Auditor needs to check with master records



You

Perfect.

Assuming I am performing Audit for the year ending 31st March 2018, please also find how many Terms would the loan has served and how many still pending by adding another two columns to the above generated table by you



Data Analyst

To calculate how many terms of the loan have been served and how many are still pending as of the audit date (31st March 2018), I will take the following steps:

1. Calculate the number of months from the sanction date to the audit date (31st March 2018) to find out how many EMI payments would have been made by then. This will give us the number of terms served.
2. Subtract the number of terms served from the total loan term to determine the number of terms remaining.

I will now perform these calculations and update the table with the additional columns.

The calculations have been made and the table now includes the columns for 'Terms Served' and 'Terms Remaining' as of the audit date, 31st March 2018. I will provide you with the link to download the updated Excel file with these additional columns. [\[>-\]](#)



Use Case 1 – EMI validation for hidden rescheduled advances to prevent NPA

Great.

Can you please generate the data for the entire table provided by me and provide the end result in excel file format

>_

Data Analyst

The calculations have been completed, and the data including the calculated loan terms has been exported to an Excel file. You can download the file using the link below:

[Download the Excel file](#)

Please note that during the conversion of the 'SANCTION' dates to datetime format, there was a warning about potential inconsistencies in date parsing. It's recommended to verify the dates in the Excel file to ensure they have been parsed correctly. [↗-]

LOAN AMOUNT	INTEREST RATE	OUTSTANDING	SANCTION DATE	EMI AMOUNT	TERM (Months)	Terms Served	Terms Remaining
350000	7%	216992	17/12/2007	3126	183	123	60
320000	7%	146559	19/12/2018	2396	260	0	260
197000	7%	106444	21/07/2009	1797	176	104	72
1200000	6%	697734	25/06/2018	7143	368	0	368
300000	7%	159999	14/07/2011	2273	253	80	173
380000	7%	270284	20/07/2011	3688	158	80	78
394000	12%	181353	02/09/2011	7062	81	78	3
4200000	12%	2816818	18/10/2011	68008	97	77	20
1024000	11%	503542	04/11/2011	17809	81	76	5
4500000	16%	1720363	30/01/2012	97150	73	73	0
565000	11%	260495	04/07/2012	9827	81	68	13
40000	8%	1576	18/09/2012	835	58	58	0
600000	11%	210713	06/11/2012	13046	60	60	0
40000	5%	12610	12/11/2012	834	54	54	0
40000	5%	11943	18/12/2012	800	57	57	0
940000	10%	372991	31/12/2012	19953	61	61	0
93945	10%	31356	20/04/2013	1253	116	59	57
675000	10%	272591	25/04/2013	14835	58	58	0
40000	5%	7314	26/04/2013	855	53	53	0
625000	10%	214176	31/01/2014	20388	36	36	0
350000	8%	313369	05/03/2014	3500	166	48	118
150000	8%	134331	05/03/2014	1500	166	48	118
500000	8%	447755	05/03/2014	5000	166	48	118
900000	10%	295276	27/06/2014	20170	57	45	12
50000	7%	41602	05/07/2014	695	94	44	50
60000	7%	49458	04/09/2014	828	95	42	53

Result – ChatGPT
Difference in CBS term and
ChatGPT term indicates
multiple rescheduling of
Loans to avoid NPA

Account Code	Account Type	Opening Balance	SBI Debit	SBI Credit	SBI Net
101100	Cash in Hand in Indian Currency	4406325.00	405172583.00	408110173.00	1468735.00
102100	Balances in Current Account with SBI	235261.56	185528213.05	185662377.20	101097.41
102200	Balances in current Account with Other Banks	1000.00	0.00	0.00	1000.00
115300	CDS ITP Remitted 1974	33354.00	0.00	0.00	33354.00
121100	NL Advance against TA	18000.00	71000.00	50000.00	39000.00
121400	NL Festival Advance to Staff	65000.00	0.00	23700.00	41300.00



You Use Case – Trail Balance – Text to Excel – for Sampling, Audit Plan etc.,



2. Trail Balance.txt
Document

Hi,

I am herewith sharing the text file having the Trial Balance.

Please export the same into excel file while delimiting appropriately to have the following heads Account, SBI Net, Opening Balance, SBI Debit, SBI Credit, SBI Net

251100	OD General	6200039.01	11296761.00	13046119.10	4430700.91
251320	OD Time Deposits -Staff	0.00	25568.00	703.00	24865.00
251430	OD agt.NSC/LIC/KVP/IVP etc.-Base Rate	44583.00	1370.00	1800.00	44153.00
251700	OD Cent Convenient - Staff	641478.62	2424208.37	494107.18	571579.81
251830	Cent Trade-Base Rate	488710.00	3551097.00	3632563.00	407244.00
252430	Cent Mortgage-Base Rate	2450.00	95.00	0.00	2545.00
253330	Small Enterprises - Service-Base Rate	12725374.87	158476919.00	158815565.97	12386727.90
258100	Cash Credit General / Stock	8574867.80	1434749.00	2008528.74	8001088.06

Account Code	Account Type	Opening Bal	SBI Debit	SBI Credit	SBI Net
101100	Cash in Hand	4406325.00	40517258.00	40811017.00	1468735.00
102100	Balances in	235261.56	18552821.00	18566237.00	101097.41
102200	Balances in	1000.00	0.00	0.00	1000.00
115300	CDS ITP Re	33354.00	0.00	0.00	33354.00
121100	NL Advanc	18000.00	71000.00	50000.00	39000.00
121400	NL Festiva	65000.00	0.00	23700.00	41300.00
121900	NL Clearin	0.00	2324576.00	2324576.00	0.00
122300	NL MIBT -	0.00	17470000.00	17470000.00	0.00
123000	NL MIBT -	0.00	4238447.50	4238447.50	0.00
124300	NL Pensi	400288.00	2087157.00	2487445.00	0.00
124900	NL Advanc	72000.00	0.00	0.00	72000.00
125300	NL Deposi	8390.00	0.00	0.00	8390.00
125400	NL Deposi	2000.00	0.00	0.00	2000.00
126800	NL Interes	373076.98	0.00	272378.00	100698.98
136100	Stationery	5019.00	0.00	0.00	5019.00
180430	Int receiva	0.00	75768.32	32004.39	43763.93
180630	Int receiva	0.00	345169.98	198332.59	146837.39
180900	Int Receiva	0.00	192111.02	91127.43	100983.59
210300	Amount R	2277939.74	0.00	0.00	2277939.74
210400	Law Charg	33276.00	0.00	0.00	33276.00
210600	Outward C	40700.00	1811788.60	1067032.60	785456.00
214100	ARC-JM C	1873657.90	0.00	0.00	1873657.90
251100	OD Gener	6200039.00	11298781.00	13048119.00	4450700.91

Data Analyst

The Trial Balance text file contains detailed entries for various accounts, including their Opening Balance, SBI Debit, SBI Credit, and SBI Net figures. Each line item specifies an account along with its financial activity, represented in a structured format that includes positive (+) and negative (-) balances.

To proceed with exporting this data to an Excel file with the specified headers (Account, SBI Net, Opening Balance, SBI Debit, SBI Credit, SBI Net), I'll convert the text data into a structured Excel format, delimiting it as requested. Let's start the conversion process.

The Trial Balance has been successfully exported into an Excel file with the specified headers. You can download the file using the link below:

[Download the Excel file](#)

Please note that the provided data in the Python code was simplified for demonstration purposes. The actual process would involve parsing the entire text file content and structuring it accordingly before the export.

[↔]

Result – ChatGPT
Txt to Columns carried. Using
Pivot various reports can be
generated for Sampling, audit
planning.

Term Loan Validation – Excel Financial Modelling

F	G	H	J	K	L	M	N	O	P	Q	R	S
LIMIT	THEO. BALANCE	OUTSTANDING	INT RATE	SANCTION DATE	EMI/INSTALLMENT AMOUNT	No of mths lapsed	Loan Term	Cum Interest serviced till date	cum principal Serviced till date	Audit O/s	Diff of CBS o/s and Audit O/s	Diff/EMI> 3(NPA)
2500000	1,196,029	1,205,329	8.05	13/12/2018	9,475.00	15.00	280.58	-249,361.82	-47,715.00	1,148,314.00	57,015.00	6.02
105815	70,183	70,183	8.45	09/07/2015	593	56.00	240.62	-28,164.39	-11,903.36	58,279.64	11,903.36	10.07
400000	209,533	183,202	8.45	09/07/2015	2,248.00	25.00	177.33	-79,437.32	-27,848.88	181,684.12	1,517.88	0.68
4120000	3,759,051	3,479,027	8.75	07/07/2018	7,556.00	37.00	174.40	-980,709.25	-517,959.65	3,241,091.60	237,935.87	6.44
82795	46,129	46,129	8.6	05/09/2018	685	43.00	92.09	-2,551.42	-31,993.29	14,137.71	31,993.29	46.64
42300	22,263	22,263	8.65	05/09/2018	369	46.00	79.02	-10,806.53	-21,444.30	18,703.70	21,444.30	58.11
43595	23,651	23,651	8.65	05/09/2018	376	42.00	83.02	-10,173.66	-18,935.14	15,861.86	18,935.14	50.35
2000000	1,796,814	1,696,946	8.65	07/07/2018	26,617.00	22.00	92.83	-290,579.88	-361,211.57	1,602.43	261,357.57	9.82
56000	22,263	22,263	8.65	07/07/2018	1,789	34.00	56.82	-10,779.63	-22,588.66	22,360.60	29,999.60	60.55
171235	96,242	88,402	8.45	31/08/2016	1,568.00	43.00	80.66	-40,734.81	-22,588.66	5.17	7,86.83	45.53
8000	3,216	3,071	8.8	07/07/2018	70	31.00	56.23	-1,395.54	-2,588.66	86.47	1,857.47	55.11
13580	5,666	5,666	8.8	07/07/2018	119	27.00	57.95	-2,043.76	-5,657.01	8.99	5,657.01	47.54
108855	55,610	56,630	8.3	12/12/2017	1,020.00	27.00	68.67	-17,127.77	-36,781.00	18,829.00	37,801.00	37.06
120885	59,708	59,707	8.45	31/08/2016	1,171.00	43.00	63.39	-25,941.43	-76,003.41	1,002.41	76,003.41	64.90
49480	28,334	23,803	8.75	09/06/2015	470	57.00	79.70	-14,420.33	-32,363.36	1,832.36	32,363.36	59.22
73870	36,546	36,545	8.4	20/09/2016	726	42.00	62.28	-15,416.81	-46,216.31	1,215.31	46,216.31	63.66
299995	131,024	122,775	8.45	23/08/2016	2,793.00	43.00	57.14	-60,789.87	-214,191.05	-83,167.05	205,942.05	73.74
163220	73,338	74,907	8.25	05/11/2016	1,685.00	40.00	51.90	-29,483.70	-120,520.77	-47,182.77	122,089.77	72.46

=DATEDIF(K2,"31/03/2020","M")

=NPER(J2%/12,-L2,G2)

=CUMIPMT(J2%/12,N2,F2,1,M2,0)

=CUMPRINC(J2%/12,N2,F2,1,M2,0)

=H2-Q2

=R2/L2

Refer **Annexure 3** for Financial modelling for validating Term loans

Part A

Annexure - 1 "Audit under CBS Presentation"

Sr. No.	Regulatory Guidelines	IRACP Circular Para No.	Checklist and Useful Reports <i>Source: ICAI Guidance Note on Bank Audit 2024</i>
1	Term Loan (NPA Condition)	2.1.1 i.	Review of NPA Logic for Term Loan cases, overdue computation, correctness of loan parameters, Useful Reports: Overdue reports, overdue in TL in excess of 90 days accounts not classified as NPA, Cases of Ballooning
2	Term Loan (Overdue computation)	2.3	Review the process of computation of overdue, identification, and classification i.e. SMA NPA through CBS
3	Loans with moratorium for payment of interest	4.2.12.1	Review of overdue computation with moratorium, review of important parameters for Overdue computation
4	Housing Loan or other Staff Loans	4.2.12.2	Review process of tagging Staff Housing/Other Advances, Overdue computation process, Review of NPA Logic
5	Overdraft / Cash Credit (NPA condition) and 'Out of Order'	2.1.2 ii.	Review of NPA Logic and 'Out of Order' for CC/OD cases, review overdue computation, condition for computation of 90 Days credit and interest debits, operation condition for OD/CC accounts
6	Overdue Bill (NPA Condition)	2.1.2 iii.	Review of NPA Logic for computation and identification of Overdue Bills
7	Agriculture advance (NPA conditions)	2.1.2.iv, 2.1.2.v, 4.2.10	Updation of Crop pattern, SLBC guidelines in CBS, Classification of Crop Duration, Understanding of NPA process for Agri. Loans
8	Agricultural Advances - Default in repayment due to Natural Calamities	4.2.13.3	Review process of tagging Agricultural Advances impacted by Natural Calamity, Understanding of NPA process and role of Natural Calamity parameter

Part A

Annexure - 1 "Audit under CBS Presentation"

Sr. No.	Regulatory Guidelines	IRACP Circular Para No.	Checklist and Useful Reports <i>Source: ICAI Guidance Note on Bank Audit 2024</i>
9	Securitization transaction undertaken	4.2.13.4	Review of NPA Logic for Securitisation transactions
10	Derivative Contracts	2.1.2 vi., 2.1.2 vii., 4.2.7.4	Review process of accounting and computation of overdue receivables for derivative contracts
11	Non submission of Stock Statements	4.2.4.(a), 4.2.4.(b)	Review process of updation of Stock Statement/Book Debt statements, date stamping, setting parameters for frequency
12	Facility Renew / Renewal not carried out	4.2.4.(c)	Review the system design for due date of review/renewal, computation of days overdue for facilities not renewed/reviewed
13	Regularization of Account near to Balance Sheet Date	4.2.6.	Regulatory guidelines here cannot operate in an automated manner, hence manual review of certain reports is suggested
14	Post Shipment Supplier's Credit	4.2.16	Similar to the above, manual review of reports and processes for identifying potential cases is suggested
15	Export Project Finance	4.2.17	Review process of updation of claims by Exim Bank in CBS, determination of outstanding for Post Shipment Supplier's Credit cases
16	Credit Card Accounts	4.2.19	Review of integration process of Credit Card System with CBS, information for minimum amount due
17	Appropriate internal systems for proper and timely identification of NPAs	4.2.2, Para No. 2.6 of Circular on Frequency	Review the process of computation of overdue logic, identification and classification of NPAs

Part A

Annexure - 1 "Audit under CBS Presentation"

Sr. No.	Regulatory Guidelines	IRACP Circular Para No.	Checklist and Useful Reports <i>Source: ICAI Guidance Note on Bank Audit 2024</i>
18	System Generated NPAs	Annexure to Circular Dt. 14.09.2020 – Para No. VI	Review the compliance of stated guidelines in CBS for System Generated NPAs
19	Baseline requirements for Banks for implementation of System driven Asset Classification	Annexure to circular DoS.CO.PP G./SEC.03/1 1.01.005/202 0-21 dated September 14 2020	Detailed aspects for implementation and compliance on Data Input, Validation checks
20	Special Mention Account (SMA) Identification	Part B1 – 8	Review process of computation of overdue logic, identification and classification of SMAs and NPAs
21	CRILC Reporting	Part B1 - 8.5	Review of integration of CBS with CRILC reporting
22	Treatment of NPA - Borrower-wise and not Facility-wise	4.2.7.1.	Review of implementation of UCIC, Review NPA process and role of UCIC field
23	Debits arising out of devolvement of letters of credit or invoked guarantees are parked in a separate account	4.2.7.2	Review of process for handling of LC Devolvement/BG Invocation
24	Bill discounted under LC	4.2.7.3	Review of NPA identification process for Bills Discounted under LC
25	Other Advances	4.2.11	Review of NPA Logic for Advances against securities, computation of adequacy of margin

Part A

Annexure - 1 "Audit under CBS Presentation"

Sr. No.	Regulatory Guidelines	IRACP Circular Para No.	Checklist and Useful Reports <i>Source: ICAI Guidance Note on Bank Audit 2024</i>
26	Credit facilities Guaranteed by Central / State Government	4.2.14	Review of process of updation of Guarantee by Government, Understanding of NPA process and role of Guarantee parameter
27	Project under Implementation	4.2.15	Review of process of updation of DCCO, understanding of NPA process and role of DCCO Dates parameter

Annexure 2 - "Audit Under CBS"

Following are the manual controls, Hence highest care to be taken for proper reporting

1	Enter the collaterals Fair Market Value in Finacle and link them to the customer loan account without fail. Value of Land, Building, Plant and Machinery obtained as collateral security should be properly entered in the system.
2	Wherever an advance is secured by Government Guarantee, the same needs to be correctly captured in Finacle, in spite of the fact that the advance is secured otherwise and securities are correctly fed into. Risk weight in case of Government Guaranteed advance is lower as compared to secured by tangible security;
3	Closure of loan accounts following prescribed procedure, on a case to case basis wherever warranted and where outstanding and sanctioned limit are zero;
4	Correct classification and coding of FITL accounts as the same affects the disclosures, provisioning and calculation of capital adequacy ratios;
5	Practice of repeated short review of credit facilities be curbed.
6	No office account be used for bill purchase transactions;
7	In case any loan account is transferred to another branch, do not forget to transfer the collaterals also to the transferee branch. It must be ensured that the value of collateral security inclusive of regular branch should not exceed the total value of security;
8	Updating of External and Internal credit rating of the customers in Finacle. As per the latest guidelines issued by SEBI and RBI on cancellation of registration granted to Brickworks Ratings India Private Limited (Brickworks Ratings), no fresh external ratings to be obtained from Brickworks Ratings and any existing rating taken from this agency is to be re-rated from an alternate accredited rating agency within 3 months. Please refer IC No. 03664-2022 dated 21.10.2022. Further, the branches have to ensure that the Press Releases (PR) issued by credit rating agencies (Rating Rationale) of the facilities sanctioned / enjoyed by the borrowers must disclose the name of the Bank along with the corresponding credit facilities rated by them, to derive the requisite lower Risk Weight as per the External Rating Report as instructed by RBI vide Notification No. DOR.STR.REC.71/21.06.201/2022-23 dated 10.10.2022. Otherwise the credit exposure shall attract risk weights of 100% or 150% as applicable in terms of extant instructions;
9	Ensure that a performance guarantee is not classified as a financial guarantee (and vice versa) in the Finacle as the conversion factor and risk weights are different for different type of guarantees;
10	All the expired LCs against which no bills are outstanding should be promptly reversed;
11	Similarly, all the expired Bank Guarantees should be promptly reversed within 7 days after the date of expiry or expiry of the claim period after following the due procedure of reversal;
12	Both in case of, fund based and non-fund based limits, the undrawn limit attracts capital. Hence, check the limits, drawing power and drawdown schedule for its correctness;

Annexure 2 - "Audit Under CBS"

Following are the manual controls, Hence highest care to be taken for proper reporting

13	In case of Term Loans, if the disbursement schedule stretches beyond one year, then year-wise drawdown schedule which is duly certified by the borrower should be such term loan accounts; obtained. Disbursement schedule should be entered in Finacle in case of
14	Guarantees like ECGC, CGTMSE, Central Government, State Government etc. obtained for credit risk mitigation should be promptly recorded in the system;
15	Revisit the un-availed portion of sanctioned limits and make necessary correction in Finacle, wherever required;
16	Proper and correct securities should be fed in the system in respect of all the credit facilities;
17	Creation of limit nodes and linking the facility account with the same;
18	No Period end entries/ TODs on CC and no Debit & Credit book Entries of equal amount at the period end in CC account with a view to escape system detection of NPA;
19	No unauthorized value dating of transactions;
20	Adequate records at the branch level for summarisation and updation of Contingent liabilities (namely claims against the Bank not acknowledged as Debt) be maintained in terms of guidelines issued by Legal Services Department Instruction Circular No 03766-2022 dated 27.12.2022.
21	Ensure that effect of all MOCs given by the Statutory Auditors as on 31st March 2022, 30th June 2022, 30th September 2022 and 31st December 2022 is given in Finacle before start of Annual Statutory Audit of the Branch, if not already done;
22	While claiming the Interest subvention in respect of export advances, guidelines related to eligibility and calculation of interest subvention claim.
23	To ensure regular monitoring of inter-branch/inter-bank reconciliation and various impersonal accounts viz. Suspense, Sundry etc. and bring these to zero;

**Annexure 3 - "Audit Under CBS"
Excel Financial Modelling Formulas**

Term Validation - Based on the CBS reports

		Formula	
1	No of EMIs due as on the date of audit	Datedif(Audit date - Sanction Date,"M")	
2	Term - No of months loan	NPER(ROI%/12,-EMI,Limit)	
3	Cum Interest payable as on date of audit - Limit, ROI, Sanction date - as on date	CUMIPMT(ROI%/12,Term,Limit,1,"M")	1=Starting EMI count, "M" as calculated in 1
4	Total Interest Served as on the date of audit	CUMIPMT - Total Interest Served as on the date of audit > significant, Validated Each such case for NPA	
5	Cum Principal payable as on date of audit	CUMPRINC(ROI%/12,Term,Limit,1,"M")	1=Starting EMI count, "M" as calculated in 1 above
6	Theoretical Balance (TB)	Limit - CUMPRINC	
7	Closing Balance on the date of audit as per CBS	Closing Balance as per CBS - TB > 3 EMIs NPA	
8	EMI - based Excel EMI, CBS EMI can be validated and enquire on reschedule/	PMT(ROI%/12,Term,Limit) - CBS EMI > significant, validated each such case for NPA	

Term = as calculated above in "2"

Term = As per CBS

CBS Term ≠ Term as calculated above in "2", validated each such case with system ledger and documents for reschedulement, Customer confirmation



CA MV KALI PRASAD FCA CHARTERED ACCOUNTANT

Sr. Partner, KALI & Co., Chartered Accountants Hyderabad


presents complements and invites you to a

presentation on

RBI IRAC norms

WHY ? IRAC norms

- AS on income recognition requires that the financial statements should not be recognizing any income before realizing the same.
- RBI constituted Narasimham committee to work out the modalities for implementing the same.
- These norms are now being implemented for the last 20 years, effective 2004

- 
- The policy of income recognition as well as classification of the assets should be objective and based on record of recovery. Norms are to be applied uniformly and consistently.
 - Extent of provisioning depends upon the classification of such assets.

Concept of NPA


- NPA stands for Non Performing Asset meaning that the asset is not performing as expected and stopped contributing to the profit of the bank.
- When there is a default in repayment of a loan, recognizing interest on such loan would be against prudence.

TERM LOANS

- Interest and/or installment of principal remain **overdue** for a period of more than 90 days.

OD /CC/

- Any account which remains overdue
- An account is 'overdue' if
 1. Outstanding balance in the OD/CC account remains continuously in excess of the drawing power/ sanctioned limit, lower of the two, continuously for a period of 90 days or
 2. In spite of the balance being less than the sanctioned limit, the credits in the account being less than the interest for the 90 days period

- 
- It is suggested that the accounts shall become a NPA
 - Where the account is not reviewed and renewed on the due date , 180 days from such date
 - Where the borrowers do not submit the stock statements on the due date continuously for 90 days, 180 days from such date

BILLS DISCOUNTED AND CREDIT CARDS

- In case bills discounted and purchased remain overdue for a period of more than 90 days
- Credit card account shall be treated as NPA if the minimum payment due remains unpaid fully within a period of 90 days from the due date.

AGRICULTURAL ADVANCES

- Long duration and short duration crops:
- Crops are said to be **long duration** if the crop duration is longer than **ONE** year
- All crops except long duration crops are **short duration.**
- State level Bankers Committee decides the crop duration for each state.

- A loan for **short duration crops** shall become NPA if the principal or interest or the installment remain unpaid for **TWO** crop seasons.
- **Long duration** crop loans would be NPA if the principal or interest or installment remain unpaid for **ONE** crop season.
- Agricultural Term loan shall also be considered on the above lines

IDENTIFICATION AS NPA

- Identification of NPA is an on going process. Loans shall be classified as NPA as soon as they turn into NPA by way of EOD procedures and not waiting till end of the quarter.
- Provisions shall be made every quarter to ensure that the quarterly results include such provisions.
- Such classification and provisioning shall be built into the software

SMA

- Whenever a borrower misses an installment, the account shall be flagged as Specially Mentioned Account (SMA) or Potential NPA.
- Both the SMA and NPA shall be identified during the day end procedures in the normal course and flagged as such.

RECOGNITION AS NPA

- Recording of an advance shall be objective.
- Banks should not treat an advance as NPA merely due to some deficiencies which are temporary in nature such as
 - non-availability of adequate drawing power,
 - balance outstanding exceeding the limit,
 - non-submission of stock statements and
 - the non-renewal of the limits on the due date,

- NPA classification is borrower wise and Not account wise.
- In case of multiple accounts of a single borrower, under one Customer ID, if one account is an NPA all the other accounts are to be treated as NPA.
- Banks shall stop recognizing interest from the EOD when the account is recognized as NPA.

REPAYMENT OF MULTIPLE ADVANCES

- In case of multiple advances, if entire overdue pertaining to all the credit facilities availed by a borrower have been regularised by repayment through genuine sources (not by sanction of additional facilities or transfer of funds between accounts), the accounts may be upgraded to 'standard' asset.

- However, the accounts should remain in order subsequently and a solitary credit entry made in an account on or before the balance sheet date which extinguishes the overdue amount of interest or instalment of principal is **not reckoned** as the sole criteria for treatment of the account as a standard asset

CONSORTIUM ADVANCES

- In respect of consortium advances each bank may classify the borrowed accounts according to its own record of recovery and other aspects having a bearing on the recoverability of the advances.

DEFAULT IN AGRICULTURAL ADVANCES

- (i) Where natural calamities impair the repaying capacity of agricultural borrowers, as a relief measure, banks may decide on their own to :
 - (a) convert the short-term loan into a term loan or re-schedule the repayment period, and
 - (b) sanction fresh short-term loans

- ii) Such re-scheduled or converted Accounts may be treated as current dues and need not be classified as NPA. The asset classification of these loans would, therefore, be governed by the revised terms and conditions and these would be treated as NPA under the extant norms applicable for classifying agricultural advances as NPAs.

STAFF HOUSING LOANS

- Normally, Interest on housing loans to staff is recovered after recovering the principal. Interest falls due only after the principal is paid off.
- Recovery of loan is linked to the salary of the employee and recovered from the salary.
- Since interest is not due, there is no question of interest remaining over due.

PROJECT FINANCING

- It is normal that the COD of projects gets delayed for several reasons.
- The sanction letters mention the COD, Moratorium, servicing of interest etc.
- In spite of the account being regular, the asset would be NPA if the operations do not commence within two years from the scheduled date as per project report and sanction letters.

- If the delay is due to reasons beyond the control of the borrower (such as COVID) the account may be rescheduled and the COD be postponed by further two years.
- Provided, the application for restructuring be received before the original COD.
- Note:
- As far as COVID restructuring is concerned, the accounts should now be operative since now it is beyond two years

- In case of moratorium for payment of interest is also provided, banks should not book interest on such loans till the date of moratorium

OTHER ADVANCES

- Educational loans
- Where the sanction letter says interest needs to be serviced, the Asset would become NPA if interest is not serviced.
- Normally, principal becomes repayable only after the candidate completes the course.
- Once the servicing of the principal is commenced, the rule of 90 days overdue shall apply

GOLD LOANS

- Gold loan could be agrl or non agrl advance.
- Agrl gold loans have to follow the rules regarding agrl advances.
- IN case of non agri loans, normal rules would apply.
- Since loans are fully secured, the question of not realising the due amount does not arise.

DEPOSIT LOANS

- Loans against deposits, NSC, other Govt securities would not be NPA since the banks maintain margins and there is no risk of non recovery

ASSET CLASSIFICATION

- STANDARD
- Those assets which are being serviced regularly and no problem is foreseen.
- SUB STANDARD

Assets which become NPA and remain so for periods up to 12 months. Current Net worth of the guarantors/ borrowers or the current market value of the asset charged is not enough to ensure recovery of the dues.

- **DOUBTFUL**
- An asset remaining NPA for a period of more than 12 months
- **LOSS ASSETS:**
- An asset which is identified by the bank itself or the internal or concurrent auditors or the branch auditors or the RBI Inspection team as a loss asset.

PROVISIONING

- Provisioning requirements for are summarized as under:
- Standard Asset:
- Direct advances to Agriculture and SME sectors 0.25%
- Commercial Real Estate (CRE) sector 1.00%
- Commercial Real Estate-Residential Housing Sector (CRE-RH) 0.75%
- All other loans and advances not included above 0.40

- Substandard assets:
- A general provision of 15 percent on total outstanding should be made without making any allowance for ECGC guarantee cover and securities available.
- The 'unsecured exposures' which are identified as 'substandard' would attract additional provision of 10 per cent, i.e., a total of 25 per cent on the outstanding balance.
- However, in view of certain safeguards such as escrow accounts available in respect of infrastructure lending, infrastructure loan accounts which are classified as substandard will attract a provisioning of 20% instead of the aforesaid prescription of 25 per cent.
- To avail of this benefit of lower provisioning, the banks should have in place an appropriate mechanism to escrow the cash flows and also have a clear and legal first claim on these cash flows.

UNSECURED ADVANCES

- The provisioning for **unsecured** 'doubtful' assets is 100%.
- 'Exposure' shall include all funded and non-funded exposures 'Security' will mean tangible security properly charged to the bank and will not include intangible securities like guarantees (including State government guarantees), comfort letters etc

SECURED ASSETS

- Period for which the advance has remained in 'doubtful' category

Provisioning requirement:

- Up to one year 25%
- One to three years 40%
- More than three years 100%



- **THAT IS IT LADIES AND GENTLEMEN**

- **THANK YOU**

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Restructuring of Advances

Definition

- Restructuring is an act in which a lender, for economic or legal reasons relating to the borrower's financial difficulty, grants concessions to the borrower
- Restructuring may involve modification of terms of the advances / securities, which would generally include, among others, alteration of payment period / payable amount / the amount of instalments / rate of interest; roll over of credit facilities; sanction of additional credit facility/ release of additional funds for an account in default to aid curing of default / enhancement of existing credit limits; compromise settlements where time for payment of settlement amount exceeds three months

Indicators for “Financial Difficulties”

- A default, as per the definition provided in the framework, shall be treated as an indicator for financial difficulty, irrespective of reasons for the default
- A borrower not in default, but it is probable that the borrower will default on any of its exposures in the foreseeable future without the concession, for instance, when there has been a pattern of delinquency in payments on its exposures
- A borrower’s outstanding securities have been delisted, are in the process of being delisted, or are under threat of being delisted from an exchange due to noncompliance with the listing requirements or for financial reasons

Indicators(Contd.)

- On the basis of actual performance, estimates and projections that encompass the borrower's current level of operations, the borrower's cash flows are assessed to be insufficient to service all of its loans or debt securities (both interest and principal) in accordance with the contractual terms of the existing agreement for the foreseeable future
- A borrower's credit facilities are in non-performing status or would be categorised as nonperforming without the concessions

- A borrower's existing exposures are categorised as exposures that have already evidenced difficulty in the borrower's ability to repay in accordance with the bank's internal credit rating system.
- The above list provides examples of possible indicators of financial difficulty, but is not intended to constitute an exhaustive enumeration of financial difficulty indicators with respect to restructuring. Lenders shall need to complement the above with key financial ratios and operational parameters which may include quantitative and qualitative aspects. In particular, financial difficulty can be identified even in the absence of arrears on an exposure. The robustness of the board approved policy and the outcomes would be examined as part of the supervisory oversight of the Reserve Bank.

Prudential Norms

Asset Classification

- In case of restructuring, the accounts classified as 'standard' shall be immediately downgraded as non-performing assets (NPAs), i.e., 'sub-standard' to begin with
- The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring
- . In both cases, the asset classification shall continue to be governed by the ageing criteria as laid out in Part A of this Master Circular

Important Definitions

- 'Specified Period' means a period of one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package.
- 'Satisfactory Performance' means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of cash credit / overdraft account, satisfactory performance means that the outstanding in the account shall not be more than the sanctioned limit or drawing power, whichever is lower, for a period of more than 30 days.

Asset Classification

- In case of restructuring, the accounts classified as 'standard' shall be immediately downgraded as non-performing assets (NPAs), i.e., 'sub-standard' to begin with. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring. In both cases, the asset classification shall continue to be governed by the ageing criteria as laid out in Part A of this Master Circular.(Para 17.1)

Conditions for Upgrade

- **For MSME accounts where aggregate exposure of the lenders is less than ₹25 crore-** An account may be considered for upgradation to 'standard' only if it demonstrates satisfactory performance during the specified period

Upgradation(Contd.)

- **For all other accounts-** Standard accounts classified as NPA and NPA accounts retained in the same category on restructuring by the lenders may be upgraded only when all the outstanding loan / facilities in the account demonstrate 'satisfactory performance'¹⁶ during the period from the date of implementation of RP up to the date by which at least 10 per cent of the sum of outstanding principal debt¹⁷ as per the RP and interest capitalisation sanctioned as part of the restructuring, if any, is repaid ('monitoring period'). Provided that the account cannot be upgraded before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium under the terms of RP.

Upgradation)Contd.)

- Additionally, for accounts where the aggregate exposure of lenders is ₹100 crore and above at the time of implementation of RP, to qualify for an upgrade, in addition to demonstration of satisfactory performance, the credit facilities of the borrower shall also be rated as investment grade¹⁸ (BBB- or better), at the time of upgrade, by CRAs accredited by the Reserve Bank for the purpose of bank loan ratings. While accounts with aggregate exposure of ₹500 crore and above shall require two ratings, those below ₹500 crore shall require one rating. If the ratings are obtained from more than the required number of CRAs, all such ratings shall be investment grade for the account to qualify for an upgrade.

Upgradation(Contd.)

- If the borrower fails to demonstrate satisfactory performance during the monitoring period, asset classification upgrade shall be subject to implementation of a fresh restructuring/ change in ownership under Parts B1 and B2 of this Master Circular or under IBC. Lenders shall make an additional provision of 15% for such accounts at the end of the Review Period [once a borrower is reported to be in default by any of the lenders, lenders shall undertake a prima facie review of the borrower account within thirty days from such default para 9.1] .This additional provision, along with other additional provisions, may be reversed as per the norms laid down at Paragraph 11.5.
- Provisions held on restructured assets may be reversed when the accounts are upgraded to standard category

Upgradation (Contd)

- Any default by the borrower in any of the credit facilities with any of the lenders (including any lender where the borrower is not in “specified period”) subsequent to upgrade in asset classification as above but before the end of the specified period, will require a fresh RP to be implemented within the above timelines as any default would entail. However, lenders shall make an additional provision of 15% for such accounts at the end of the Review Period. This additional provision, along with other additional provisions, may be reversed as per the norms laid down at Paragraph 11.5 of this Master Circular
- Specified period” means the period from the date of implementation of RP19 up to the date by which at least 20 per cent of the sum of outstanding principal debt as per the RP and interest capitalisation sanctioned as part of the restructuring, if any, is repaid.

. Provisioning Norms

- Accounts restructured under the revised framework shall attract provisioning as per the asset classification category as laid out in part A of this Master Circular.
- MSME accounts restructured under the circulars DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 and DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 shall attract the provisioning requirements prescribed therein.

Additional Finance

- Any additional finance approved under the RP (including any resolution plan approved by the Adjudicating Authority under IBC) may be treated as 'standard asset' during the monitoring period under the approved RP, provided the account demonstrates satisfactory performance (as defined at footnote 16) during the monitoring period. If the restructured asset fails to perform satisfactorily during the monitoring period or does not qualify for upgradation at the end of the monitoring period, the additional finance shall be placed in the same asset classification category as the restructured debt

. Income recognition norms

- Interest income in respect of restructured accounts classified as 'standard assets' may be recognized on accrual basis and that in respect of the restructured accounts classified as 'nonperforming assets' shall be recognised on cash
- In the case of additional finance in accounts where the pre-restructuring facilities were classified as NPA, the interest income shall be recognised only on cash basis except when the restructuring is accompanied by a change in ownership.

Restructuring of frauds/willful defaulters

- Borrowers who have committed frauds/malfeasance/willful default will remain ineligible for restructuring. However, in cases where the existing promoters are replaced by new promoters²², and the borrower company is totally delinked from such erstwhile promoters/management, lenders may take a view on restructuring such accounts based on their viability, without prejudice to the continuance of criminal action against the erstwhile promoters/management

Planning for an effective Bank Branch Audit and Audit Documentation & Early warning signals SIRC Hyderabad Branch March 2024



Contents

- Planning
- Internal Financial Controls over Financial Reporting (IFCoFR)
- Audit Documentation
- Early Warning Signals (EWS)

Planning

- Statutory Branch Auditors (SBAs) are given limited time within which they have to undertake the audit of branches allotted to them.
- Accordingly, the planning of the assignment and start of the work is really critical.
- SBA should send a formal communication to the branch anagement/HO accepting his appointment and other declarations and undertakings as required.
- The SBA should also specify the books, records, and other information that he would require in the course of his audit. Such a communication would enable the branch management to keep the requisite documents, information, etc., ready.
- In the statutory bank branch audit, one of the most important aspects is proper planning and documentation of the auditing activity.
- SBA should have sound and complete knowledge of the business of the bank.

Planning

The letter of appointment sent by banks to SBAs typically contains the following:

- Appointment under the Banking Regulation Act, 1949, and the underlying duties and responsibilities of the SBA.
- Particulars of branch(s) to be audited and of the region/zone to which the branch reports.
- Particulars of Statutory Central Auditors (SCAs).
- Particulars of previous auditors.
- Guidelines for conducting audit of branches, completion of audit, eligible audit fees, reimbursement of expenses etc.

Planning

The letter of appointment sent by banks to SBAs typically contains the following:

- Procedural requirements to be complied with in accepting the assignment, e.g., letter of acceptance, declaration of indebtedness, declaration of fidelity and secrecy, other undertakings by the firm/SBA, specimen signatures, etc.
- Scope of work - Besides the statutory audit under the provisions of the Banking Regulation Act, 1949, the SBA is also required to verify certain other areas and issue various reports and certificates like LFAR, Tax Audit Report, certificates for cash verification on odd dates, Ghosh & Jilani Committee Reports etc.,

Planning

What next-

- RBI Guidelines and Circulars
- Bank's Closing Circular
- The SBA also needs to have a basic knowledge of allied applicable laws to carry out an effective audit.
- For example: Indian Contract Act 1872, Negotiable Instruments Act 1881, relevant Stamp Acts, etc

Planning

Audit Procedures /Understanding Forms and Content of Financial Statements/Reporting

- The auditor should set materiality level in accordance with SA 320, “Materiality in Planning and Performing an Audit”
- The auditor should read relevant circulars and guidelines of the RBI before verifying the forms and certificates and should understand the process followed in making such forms / certificates
- Final audit report and Long Form Audit Report are two documents that are issued by the statutory auditor to the bank management.
- In the final audit report, reporting on IFCoFR will also have to be done in case the branch is selected for verification of IFCoFR.
- Auditor complies with all the pre-audit formalities (like appointment letter, communication with previous auditor, engagement letter etc.) immediately on receipt of confirmation from the bank and before the commencement of actual audit at the branch.

Planning

Audit Procedures /Understanding Forms and Content of Financial Statements/Reporting

- auditor should develop a mechanism to list out the specific representations on certain matters/areas on which the auditor has relied upon during the course of audit for inclusion in the Management Representation letter.

Planning

- **On-Site Planning at Branch:**

- a) **Evaluation of the Accounting and Internal Control System.**
- b) **Development of Audit Programme.**
- c) **Allocation of Work according to Audit Programme**
- d) **Review of Progress of Work and Revision of Audit Plan, if necessary.**
- e) **Compilation of Information for Reporting and Summary of Audit Queries & Observations**

Documentation

Illustrative list of documents to be maintained in the bank branch audit-

- Appointment formalities, including appointment letter, communication with previous auditor, engagement letter etc.
- Remarks / Verification remarks against working sheet containing summary of latest RBI Master Directions / Circulars, other material for conducting the audit.
- Working notes complying/ verifying closing guidelines / circular issued by the bank.
- Summary of the relevant provisions applicable as per latest/ updated RBI Master Directions/Circulars, IRAC norms, closing circular used at the branch.
- Detailed branch audit plan and program as per SA 230-Audit Documentation.
- List of new deposit accounts opened during the audit period.

Documentation

Illustrative list of documents to be maintained in the bank branch audit-

- List of samples selected of advances and deposits along with criteria taken as base for selecting sample.
- Obtaining Delegation of Power (DOP) booklet to understand the powers and responsibilities at various levels in the branch.
- Bank's accounting policies and how the auditor has verified their satisfactory compliances.
- Audit procedures adopted and determination of materiality levels.
- Understanding of the internal controls, IT system controls.
- Audit working paper documenting the audit procedures carried out for testing IFCoFR controls.
- Audit working papers and issue trackers. How the issues raised during audit were concluded.
- Financial statements of the previous year and current year.
- Management certified trial balance for the year (if available from the system)

Documentation

Illustrative list of documents to be maintained in the bank branch audit-

- Summary of various audit reports such as internal inspection report, concurrent audit reports, previous year statutory audit report.
- Statement of advances with classification along with various fields duly filled such as security, sanction limits, date of sanction / renewal, outstanding balance etc.
- Specific representation, notes and working papers received from the bank's management on sensitive or significant audit issues or accounts.
- List of latest and updated stock and security statements, valuation and inspection reports as on March 31.
- List of documents verified and minutes of meeting with the bank's management.
- Copies of supporting documents that are verified and confirmations obtained during the audit.
- Break-up of other assets and liabilities and Inter-Branch Adjustments including the confirmation of deposits given by the branch.

Documentation

Illustrative list of documents to be maintained in the bank branch audit-

- Proof of various securities, cash and other assets physically verified during the audit.
- ATM verification details.
- KYC verification, anti-money laundry verification, FEMA compliance at branches.
- Proof of verification of third-party products if any.
- Details of off-balance sheet items, claims against banks and contingent liabilities.
- Other Bank / RBI balance confirmation.
- List of customer complaints registered/responded by the branch- nature of complaint and its resolution.
- Management Representation Letter.
- Various other audit documents / evidence considered in the audit process.
- Mail conversation with Bank branch can also be kept as PDF files to make it easily available in future for ready reference along with all documentation in audit folder.

Documentation

Finally

- Prepare audit documentation on a timely basis duly recording who performed and reviewed audit work and the date/s of completion and review.
- Prepare audit documentation to understand:
 - a. Nature, timing and extent of audit procedures performed to comply with SAs and other applicable legal and regulatory requirements;
 - b. Results of audit procedures performed, and audit evidence obtained; and
 - c. Significant matters arising during the audit, conclusions reached, and significant professional judgments made.

Documentation

Finally

- Document
 - a) sampling method used;
 - b) population and sample size selected;
 - c) items for sample;
 - d) deviations observed on the samples vis a vis the population sample, its acceptable level and the need for revising the samples;
 - e) evaluation of the results of sampling.
- Ensure all amounts as per the working papers are tallied with the corresponding amounts in the financial statements

Documentation

Finally

- Keep evidence of communication with management and those charged with governance.
- Document all misstatements accumulated during the audit and whether they have been corrected.
- Comply with policies and procedures for assembly and archival of work papers within stipulated time.

Documentation

Please Note- Not Documented Not Done

Early Warning Signals EWS

Some wrongdoings in the loan accounts which may turn out to be fraudulent-

1. -
 - a) Default in undisputed payment to the statutory bodies as declared in the Annual report.
 - b) Bouncing of high value cheques
2. Frequent change in the scope of the project to be undertaken by the borrower
3. Foreign bills remaining outstanding with the bank for a long time and tendency for bills to remain overdue.
4. Delay observed in payment of outstanding dues.
5. Frequent invocation of BGs and devolvement of LCs.
6. Under insured or over insured inventory.
7. Invoices devoid of TAN and other details.

Early Warning Signals EWS

Some wrongdoings in the loan accounts which may turn out to be fraudulent-

8. Dispute on title of collateral securities.
9. Funds coming from other banks to liquidate the outstanding loan amount unless in normal course.
10. In merchanting trade, import leg not revealed to the bank.
11. Request received from the borrower to postpone the inspection of the godown for flimsy reasons.
12. Funding of the interest by sanctioning additional facilities.
13. Exclusive collateral charged to a number of lenders without NOC of existing charge holders.
14. Concealment of certain vital documents like master agreement, insurance coverage.

Early Warning Signals EWS

Some wrongdoings in the loan accounts which may turn out to be fraudulent-

15. Floating front / associate companies by investing borrowed money.
16. Critical issues highlighted in the stock audit report.
17. Liabilities appearing in ROC search report, not reported by the borrower in its annual report.
18. Frequent request for general purpose loans.
19. Frequent ad hoc sanctions.
20. Not routing of sales proceeds through consortium I member bank/ lenders to the company.

Early Warning Signals EWS

Some wrongdoings in the loan accounts which may turn out to be fraudulent-

21. LCs issued for local trade I related party transactions without underlying trade transaction.
22. High value RTGS payment to unrelated parties.
23. Heavy cash withdrawal in loan accounts.
24. Non production of original bills for verification upon request.
25. Significant movements in inventory, disproportionately differing vis-a-vis change in the turnover.
26. Significant movements in receivables, disproportionately differing vis-à-vis change in the turnover and/or increase in ageing of the receivables.
27. Disproportionate change in other current assets

Early Warning Signals EWS

Some wrongdoings in the loan accounts which may turn out to be fraudulent-

28. Significant increase in working capital borrowing as percentage of turnover.
29. Increase in Fixed Assets, without corresponding increase in long term sources (when project is implemented).
30. Increase in borrowings, despite huge cash and cash equivalents in the borrower's balance sheet.
31. Frequent change in accounting period and/or accounting policies.
32. Costing of the project which is in wide variance with standard cost of installation of the project.
33. Claims not acknowledged as debt high
34. Substantial increase in unbilled revenue year after year.

Early Warning Signals EWS

Some wrongdoings in the loan accounts which may turn out to be fraudulent-

34. Large number of transactions with inter-connected companies and large outstanding from such companies.
35. Substantial related party transactions.
36. Material discrepancies in the annual report.
37. Significant inconsistencies within the annual report (between various sections).
38. Poor disclosure of materially adverse information and no qualification by the statutory auditors.
39. Raid by Income tax /sales tax/ central excise duty officials.
40. Significant reduction in the stake of promoter /director or increase in the
41. encumbered shares of promoter/director.
42. Resignation of the key personnel and frequent changes in the management

Any Questions



Thank You

