

**SCOPE OF AUDIT**

**Audit at Branches :**

The Concurrent auditor will have to give special attention to the following areas of operations in branches of DCCB.

1. Cash Management
2. Cash and Gold verifications
3. Remittances and withdrawal of cash
4. Whether the currency chest transactions are properly accounted for
5. Missing tokens
6. Security forms (like DD Books/PO books/Cheque books/FD, CC, Receipt books etc.)
7. Scrutiny of the deposit accounts
8. Operation in deposit accounts
9. Custody of specimen signatures/un issued cheque books etc.
10. Balancing of book of accounts
11. Loans & Advances
12. Documents relating to loan accounts
13. Loan recovery action
14. Purchase and discount of cheques/bills
15. Issue of DDs
16. Inter Branch transactions adjustment
17. Clearing Adjustments
18. Transactions in staff accounts
19. Suspense Accounts (Sundry Creditors and Sundry debtors)
20. Income and expenditure accounts etc.
21. NPAs verification as per the IRAC Norms
22. Top 20 defaulters accounts verification
23. BRS
24. Key Marginal Persons (KMPs)
25. CMA norms violations
26. Frauds
27. Application of Rate of Interest (ROI) verification for loans on CBS
28. TDS
29. GST
30. Stock verification for Cash credit accounts
31. Imbalances
32. Any loans given to Board Members or their relatives
33. DEAF amounts transfers
34. CIF merging
35. Evergreening of Accounts
36. Income leakages

**Areas of Coverage in detail:**

- Concurrent audit shall be conducted on a monthly basis, and the report should be submitted on or before the 15th of the succeeding month. Main objective of Internal /Concurrent audit is to detect and arrest any leakage of revenue due to short of calculation of interest, commission, Bank charges etc. on advances, bills and excess payment of interest on deposits, non-recovery of services charges from parties etc. and to ensure non-recurrence of such mistakes.



Therefore, the Internal /Concurrent auditor will have to concentrate on the following key areas operations.

1. Checking of all the transactions including Pay-in-slips / vouchers / cheques with

- scrolls and also comment on the checking of scroll with vouchers by the Branch.
2. Verification of all deposit & loan account opening forms with reference to KYC Compliance and adherence to the policy guidelines.
  3. Examine & Comment on insurance coverage up to date with regard to vehicle loan, housing loan & other loans wherever applicable.
  4. Verification of correctness of various accounts transacted by branches and reconciliation of pending items with regard to Head Office Account & Anywhere Branch Banking account.
  5. The Concurrent Auditor shall ensure verification of customer-wise details, amounts transferred, and the correctness of interest calculation before transferring amounts to the DEAF account.
  6. The Concurrent Auditor shall maintain keen observation on the implementation of KYC and AML policies, particularly with regard to account opening, handling of death claims, and closure of accounts.
  7. Verification of:
    - a. Cash on hand (including cash in ATM), Quarterly (June, September, December & March) in the branches & HO branch.
    - b. Verification of extra cash and unauthorized cash transaction.
    - c. Verification of cash retention limit.
    - d. Movement of locker register and customer signature and time in locker register.
  8. Examine & comment on the coverage of legal action in respect of jewel loans, personal loans, housing loans, vehicle loans & other loans.
  9. Verification of system of issue of cheque books, withdrawal slips, maintenance of demand draftbooks, Bankers cheques, cheque books, term deposit receipts and stock register along with the other security items. Furnishing of a certificate to the Head Office confirming the up-to-date maintenance of the same.
  10. Verification of collection of proper commission on Demand Draft / Bankers cheques issued and other services rendered as per the circulars issued by Head Office to avoid Income Leakage, comment on Income leakages, if any.
  11. Violation of interest rate directives, if any, on payment of interest on deposits particularly payment of deposits before maturity, advance against deposits etc. Ensure correctness of interest paid/payable on deposits and correctness of interest charged/collected on L&A.
  12. Interest on Advances, Penal Interest on advances, Interest paid on term deposits, interest on SB accounts, commission on bank guarantees, processing charges, folio charges, commission/interest/OD interest on bills, other service charges.
  13. Verification of transactions under Sundry Debtors / Sundry Creditors and differences under clearing house, Cheque return account etc.  
Examine & comment on the proper maintenance of Inward and Outward registers for clearing cheques and also clearing settlement sheet, etc.
  14. Examine & comment on delay in collection of outstation cheques and also to verify collection of proper commission/service charges.
  15. Examine & comment on instances of allowing drawls against unrealized cheques if any.
  16. Examine & comment on discounting of cheques, if any.
  17. Examine & comment on issue of Bank Guarantee, if any.
  18. Examine & comment on heavy withdrawals from inoperative SB / Current Accounts and further to report instances of payments from inoperative accounts without the knowledge of the Branch Manager.
  19. Verification of documents / collection of rent etc. in respect of safe deposit lockers



- / safe custody and comment on operational aspects of the lockers.
20. Verification of payment of rent to land-lord deduction & payment of TDS / Service Tax etc wherever applicable.
  21. Verification of expenditure incurred under different capital and revenue heads with reference to authority, budget allocations, accuracy, deduction & payment of TDS / Service Tax etc. wherever applicable.
  22. All ok Statements for all the products to be verified and inform any deficiencies to HO.
  23. Verification of correctness of trial balance with the balances in the concerned product once in a month and report.
  24. Status of compliance to audit / Inspections observations pertaining to the previous period.
  25. Position of NPAs and Comment on Recovery of NPAs Management strategy.
  26. Newly opened accounts and Scanning and tagging of Specimen Signatures and Photos.
  27. Documentation of all loan files.
  28. Comment on viability of the branches once in a year and make suggestions to improve the branch performance.
  29. Any other item of work that may be required as per the instruction / direction of RBI/NABARD etc.
  30. LFAR to be filled by the Concurrent Auditors for each Branch. They can mention "Not Applicable" in sections/questions not applicable at Branch Level.
  31. Top 20 Accounts – Documentation, Operations, Recovery including Field Visit.
  32. Cash, Secured Stationery (DD, Cheque Books, Debit/ Credit Cards, Stamps etc.), Gold etc. are physically verified and certified by Concurrent Auditors. It should be reconciled with the Physical Registers and CBS records. The physical Register should have detailed entries of receipts / issuances.
  33. Gold Loans: Renewal of Gold loans to be reviewed to for possible Evergreening.
  34. PNPA/ SMA accounts to be reviewed and IRAC Norms compliance to be verified for NPA accounts (asset classification, income reversals, provisioning, valuation reports, recovery etc.).

**Audit at Head Office:**

**Banking:**

1. Certification of holding of securities in Banks Investment Portfolio on Quarterly basis
2. Call / Short Term Investments made by the Bank – once in a month
3. Investment in Govt and other securities –Certification of all investment portfolios of quarterly basis
4. Share Capital review
5. All current accounts reconciliations
6. KYC norms
7. Returns/Statutory compliance

**Establishment & Premises Department:**

**1. Policy:**

Examine & Comment on rotation of duties among all cadres of employees as per Banktransfer policies, trainings and other payments

**2. Payments:**

Monthly salary bills, calculation of TA & DA, Gratuity leave encashment,



budget and other payments, PF payment, E-TDS, Legal fees, Service Tax / GST and otherpayments

1. Fixed assets verification and valuation report for the Banks buildings once in a year
2. Inventory list of items  
Expenditure and purchase onmonthly basis
3. Board meetings, General body meetings, committee meetings conduction as per Bye-law.

**Information Technology:**

1. Verification of Inventory of system and other hardware items as per specifications
2. Purchases and expenditure bills
3. Payments of AMCs,
4. Verification of Reports to be generated in CBS

**Loans and Advances:**

1. Implementation of policies of all loan Products
2. Operational guidelines – Seasonal Loans – Kharif, Rabi, Weavers, ST Others
3. Government Schemes – Interest subvention, interest rebate,subsidies
4. Reconciliation (BRS)
5. NABARD Borrowings / Lendings – Interest calculation, repayments, defaults if any
6. Weavers, ST others, application scrutiny / required documentation observations  
NABARD guidelines & Statutory returns
7. Implementation of Board approved Policies
8. Reconciliation of PACS accounts with Bank

**NABARD guidelines & Statutory returns**

1. Schematic Borrowings from APCOB – Repayments, defaults, ifany
2. Statutory returns / Ensure returns
3. Consortium Finance with APCOB-Streenidhi & Housing
4. Borrowings & Lendings Documentation, Scrutiny, drawals application

**Note:** Any other work shall be done as entrusted by the Authorities of the Bank from time to time.

  
**Chief Executive Officer**  
Chief Executive Officer  
Dist. Co-op. Central Bank Ltd.  
SRIKAKULAM

