

Bank Branch Audit Program / Illustrative Checklist Time & Manpower planning

Sr. No.	Name of the person	Designation & Qualifications	Estimated time for work	Initials of the person

Audit Program

Sr. No.	Area of Work	Person responsible at the Branch for that area	Done by whom	Date
A	General - Pre Audit Work			
1	Review of Latest available inspection reports of Internal/Concurrent/Stock Audit/Revenue Audit / RBI / Statutory Auditors/ System Audit and compliance thereof			
2	Review of Closing Circular issued by Head Office			
3	Study of Significant accounting policies of the Bank & computer system			
4	Study of Business mix of the Branch & determination of the sample size and percentage of checking in each area			
5	Compliance of Mandatory Accounting Standards / Auditing Standards and RBI circulars			
6	Intimation in writing whether given to the Branch Manager regarding requirements for audit and documents to be kept ready for audit including for LFAR, Tax Audit Report and Certification			
B	Physical Verification			
1	Physical verification of Cash (in branch and in ATM), Tokens, Adhesive stamp documents and postage and cross verification of the same with GL balances.			
2	Physical verification of Investments. (if lodged at Branch)			
3	Physical verification of valuable stationery like cheque books, Demand Drafts, Pay -Orders etc.			
C	Verification of Returns and Reconciliation			
1	Verification of returns submitted to RBI / HO / ZO (Monthly/ Quarterly / Half Yearly / Yearly)			
2	Verification of Annual Closing Returns			
3	Verification of HO / Branches / Other Banks Reconciliation, Branch Adjustment Account, Suspense account, Sundry Accounts etc.			
4	Verification of Statement of Fraud			
5	Verification of NOSTRO reconciliation			
D	Verification of Balances			
1	Checking of opening balances in GL with previous year audited Balance Sheet and Profit & Loss Account			
2	Cross Verification of Trial Balance, Profit & Loss Account and Balance Sheet figures as on 31 st March with GL figures			

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E	Balance Sheet			
1	Advances			
	100 % coverage of advances in respect of which outstanding amount is in excess of 5% of the aggregate advances of the branch or Rs. 2 crores whichever is less List number of cases and names of parties including limits for all cases above specified limits and sample selected below the limit.			
	a.Credit Appraisal			
	b.Sanctioning and Disbursement			
	c. Documentation - Pre-sanction & Post Sanction including Registration and Mortgage of property and Registration of Charges with ROC/ CERSAI			
	d.Monitoring/ Review/ Supervision by the Branch			
	1. Submission of financial statements			
	2. Submission of I.T. Returns			
	3. Timely submission of stock statements			
	4. Calculation of Drawing Power			
	5. Inspection of Godowns / other units of the borrowers			
	6. Operations in the account - overdue/ sticky accounts / diversion of funds/ cheques duly honoured / limit not exceeded frequently			
	7. Renewal of documents due / Review of Term Loans			
	8. Penal interest for default – whether system driven or manual			
	9. Insurance coverage			
	10. Verification of data in CBS with special reference to BASEL II requirements of LTV ratio in case of housing loans etc. / BASEL III Norms			
2	Analysis of entries outstanding in Sundries and Suspense Account, Sundry Debtors, Sundry Creditors			
3	1. Verification of assets classified as NPA. 2. Verification of Upgraded Accounts earlier classified as NPA – Registration of uncharged interest 3. Identification of new NPAs			
4	Review of suit filed accounts / Decreed accounts & their follow – up			
5	Checking of additions, deductions, transfer of fixed assets with relevant supporting			
6	Verify that all balances are shown under proper heads			
7	Verify that credit balances in OD, CC, inoperative current accounts are not netted off with advances and are shown separately under demand deposits			
	Verify that Interest accrued but not due on loans is not included in advances			

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8	Deposits			
	1. Near the Balance Sheet date & till the date of audit whether there have been any unusual large movements in the aggregate deposits held at the year end			
	2. Verification of Staff Accounts			
	3. Check that guidelines issued by RBI for inoperative & dormant accounts are strictly followed with KYC guidelines.			
	4. Verify that overdue, matured time deposits are shown in demand deposits			
	5. Verify that interest accrued but not due is not included in deposits but shown under other liabilities			
	6. Verify that Dormant Accounts more than 10 years are transferred to Depositors Education and Awareness Fund			
	7. In case of demonetization of SBN, check proper KYC & other relevant aspects of RBI circulars are complied with.			
9	Analysis of entries outstanding in Bills Payable/ Sundry Deposits etc.			
10	Obtain list of contingent liabilities not acknowledged as debts by the branch. Check for correct reporting.			
F	Profit & Loss Account			
1	Verification of provision of interest on standard, substandard, doubtful & loss assets and appropriate accounting treatment thereof and reversal of interest and charges not recovered on new NPAs			
2	Checking of proper classification of revenue and expenditure items			
3	Ratio Analysis and comparison with previous year figures			
4	Verify whether there is any divergent trend in major items of income & expenditure and analysis of reasons thereof			
5	Test checking of interest on deposits and advances			
6	Test checking of commission and discount on bills etc.			
7	Verification of accounts of major heads of income & expenditure			
8	Verification of provisions for prepaid and outstanding income & expenditure			
9	Verification of locker rent received and due and provision thereof			

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	10	Verification of provision for depreciation on fixed assets			
	11	Checking of prior period expenses and income and provisioning thereof. Separate prior period expenses and provisioning- give separate numbers			
	12	Checking of provisions for ECGC/ DICGC claims			
G	LFAR				
	1	Checking of items as per LFAR checklist			
	2	Preparation of annexures to LFAR			
	3	Annexures to LFAR			
	4	NPAs			
H	Tax Audit Report				
	1	Check the followings in detail-			
		1. Payments made to clubs			
		2. Details of revenue expenditure capitalised			
		3. Whether TDS has been remitted before the due date			
		4. Particulars of Income and Expenditure of earlier years debited / credited to Profit & Loss Account which are of material nature			
		5. Verify whether any repayment of deposits have been made in violation of section 269 T of the Income Tax Act 1961.			
	2	Checking of Tax Audit Schedules			
	3	Preparation of Tax Audit Report			
I	Verification of Checklist of Jilani Committee Recommendations				
J	Verification of Checklist of Ghosh Committee Recommendations				
K	Collection of following certificates and statements from Branch				
	1	Physical verification of cash			
	2	Physical verification of Adhesive Stamp Documents, Postage, Security etc.			
	3	Physical verification of Investments			
	4	Physical verification of Fixed Assets carried out by Branch			
	5	NPA Statement, Profit & Loss Account, Balance Sheet, Trial Balance certified by Branch Manager			
	6	Management Representation Letter			
	7	Certificate from Branch Manager for attendance of Audit			

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L		Issue of Certificates			
	1	Certificate for Review of Loan Portfolio			
	2	Certificate relating to recoveries in claim paid accounts under small loan Guarantee Scheme 1971 and Small Loan (SSI) Guarantee Scheme, 1981			
	3	Certificate in respect of subsidy utilised under the scheme Prime Minister's Rojgar Yojana (PMRY) and correctness of claim made			
	4	Certificate regarding the implementation of Jilani & Ghosh Committee recommendations			
	5	Certificate in respect of Interest Subvention if any at the Branch.			
	6	Certificate regarding possession of investment documents on behalf of Head Office			
	7	Certificate for DICGC Claim			
	8	Movement of NPAs			
	9	Certificate of BASEL – III			
	10	Cash Balance on Twelve Days (Certificate for CRR)			
M		Finalisation			
	1	Preparation of Draft of the following-			
		1. Audit Report			
		2. LFAR & Annexures			
		3. Tax Audit Report			
		4. Jilani Committee Recommendations			
		5. Ghosh Committee Recommendations			
		6. Memorandum of Changes			
	2	Discussion of Draft Report with Branch Manager			
	3	Preparation of Final Report			
	4	Submission of Final Report along with Copies of Signed Balance Sheet, Profit & Loss Account and certificates.			
N		Review of work done by Audit Team			
	1	Senior			
	2	Junior			
	3	Articled Clerks			
	4	Employee			