

JILANI COMMITTEE RECOMMENDATIONS – BRANCH LEVEL
(RELATING TO INTERNAL CONTROL AND INSPECTION/AUDIT SYSTEM IN BANKS
WHICH ARE TO BE COMPULSORY IMPLEMENTED BY BANKS)

Recommendation No. in the WG Report	Nature of recommendation	Implementation status at Branch
21	Every bank should have a manual of instructions for its inspectors/auditors and periodically update the same.	Yes. Implemented
39	Follow up on major/serious irregularities detected during concurrent audit to be immediately taken with the H.O. A time bound action for rectification to be drawn up and closely monitored. Fraudulent transactions to be reported to Vigilance/Chief of Inspection/audit etc.	Yes. Implemented
41	Small/medium sized branches to rectify irregularities pointed out during inspection/audit within 4 months.	Not Applicable
44	Inspectors/auditors to get majority of irregularities pointed out during their stay at the branches concerned and guide them as well.	Yes. Implemented- Although compliance of irregularities is being made subsequently
45	Immediate action to be taken to plug gaps in serious irregularities/ revenue leakages which have surfaced due to loopholes in existing procedures, abnormal deviations from laid down procedures/norms in consultation with the departments concerned by issue of fresh guidelines.	Yes. Implemented
53	Appropriate control measures should be devised and documented to prevent the computer system from attacks of unscrupulous elements. All aspects of security, reliability and accessibility are ensured before introduction of EDP application in place of manual system by having pilot parallel runs.	NA. Being implemented by Data Centre team at HO, Mumbai.
54	Various tests to be carried out to ensure that EDP applications have resulted in consistent and reliable system for imputing, processing and generation of output of data.	Yes. Implemented in areas computerized and controlled by CBS.
59	Entire domain of EDP activities to be brought under scrutiny of Inspection and Audit including the underlying financial aspects.	Yes being done during the normal course of all inspections.
61	In order to bring about uniformity of software used by various branches/offices, there should be a formal method of incorporation change in standard software and it should be approved by senior management. Such changes to be inspected and monitored continuously.	NA. Implemented as the software under use are being implemented /changed by the EDP dept., Head

JILANI COMMITTEE RECOMMENDATIONS – BRANCH LEVEL
(RELATING TO INTERNAL CONTROL AND INSPECTION/AUDIT SYSTEM IN BANKS
WHICH ARE TO BE COMPULSORY IMPLEMENTED BY BANKS)

Recommendation No. in the WG Report	Nature of recommendation	Implementation status at Branch
		Office, Mumbai
71	Banks should complete enquiries expeditiously and bring to book the delinquent staff to deter other from perpetuation frauds and malpractices. Internal vigilance machinery to be strengthened and its working to be reviewed by the Board every six months.	Yes. Implemented. Review by the Board is monitored at the Head office level and the branch has no information in this respect.
74	Regular checking by inspectors/auditors to verify, correctness of information complied/furnished by branches regarding income recognition, asset classification, provisioning and NPA quantification in conformity with prescribed norms. Discrepancy to be brought to the notice of Branch Manager for rectification on the spot.	Yes. Implemented
<p align="left">BRANCH AUTHORIZED SIGNATORY</p> <p align="right">STATUTORY AUDITOR</p>		

Place:
Dated:

GHOSH COMMITTEE RECOMMENDATIONS – BRANCH LEVEL
(RELATING TO FRAUDS MALPRACTICES IN BANKS – ACTION TAKEN IN RESPECT OF)

Recommendation No.	Nature of recommendation	Implementation status at Branch
Group A Part 1		
3.3	Joint custody and dual responsibility of cash and other valuables.	The branch does not handle cash. However, a vault is maintained for Security documents under joint custody and dual responsibility of the Chief Manager (operations) and Senior Manager (Admin)
3.4	Transactions in the currency chest to be reported to RBI on the same day.	Not Applicable
3.5	Adhering to the prescribed norms and safeguards issued by RBI on issue and payment of high value drafts, depositing large amounts in new accounts without verifying antecedents, opening of benami accounts, etc. to prevent misuse of banking channel.	The branch does not handle cash. With respect to DD's etc norms are adhered to.
8.10	a) System of exclusive scrutiny of credit portfolio with focus on larger advances and group exposures.	Yes – being done by the Relationship Managers and other Senior branch officials
	b) Special scrutiny of high value accounts shifted to the bank alongwith executives and accounts transferred from other branches alongwith officials. The observations of RBI Inspectors should be promptly and effectively followed up by banks.	Not Applicable – no such instance
8.14	Monthly certificate on inspection of associated units and on stocks pledged/hypothecated to bank.	Yes- subject to our comments in the LFAR
9.9	Adoption of preventive measures of vigilance in letter and spirit as enumerated.	Yes
11.4	Rotation of staff/duties and transfer covering all categories of staff, including dealing room/securities department, staff etc.	Being done for clerical staff annually
11.9	Desk Cards for staff to be prepared. Banks to designate one of the senior officers as a Compliance Officer.	No Desk Cards being maintained and the Chief

GHOSH COMMITTEE RECOMMENDATIONS – BRANCH LEVEL
(RELATING TO FRAUDS MALPRACTICES IN BANKS – ACTION TAKEN IN RESPECT OF)

Recommendation No.	Nature of recommendation	Implementation status at Branch
Group A Part 1		
		Manager (Operations) has been designated as Compliance Officer.
11.10	Financial and administrative power of officials should be laid down.	Yes- As laid down by the relevant HO circulars
Group A Part II		
1.1	Precautions in handling cash and valuables – restriction of entry to cash cabin, dual custody of cash/valuables, surprise verification at regular intervals etc.	NA as the branch does not handle cash
1.2	Precautions against theft of cash – staff should not indulge in conversation/ answering queries, but direct such person to Enquiry Counter only.	NA as the branch does not handle cash
1.3	Precautions against shortage in cash reported by cashier. Introduction of surprise checking at frequent intervals.	NA as the branch does not handle cash
1.4	Precautions against misappropriation of cash by member of staff in the guise of customer service. Only authorized personnel should accept cash/ issue counterfoils in cash departments. Cashiers should not be allowed to make entries in Pass Book.	NA as the branch does not handle cash
1.5	Proper system should be evolved in respect of cash balances, insurance and prompt reporting of inter-branch and inter bank remittances of cash.	NA as the branch does not handle cash
1.6	Banks should evolve proper systems of adequate security and custody of cash in dacoit/terrorist attack prone areas.	NA as the branch does not handle cash
1.7	Precaution against misusing banking channels for tax evasion. POs/TCs in excess of Rs.50,000/- should be by way of debit to constituents account and not by cash. Doubtful cases should be reported to higher authorities.	Yes except for TC's which are not issued by the branch
1.8	Periodical reporting of deposit/withdrawals from currency chests to issue Department of RBI.	Not Applicable
1.10	Exercise of caution at the time of opening of new deposit accounts of all types.	Yes as per HO guidelines and adherence to KYC norms
1.11	Customer to be educated about implications of introducing an account without knowing the party.	Yes as per HO guidelines
1.13	Close watch on the operations in the new accounts should be kept.	Yes as per HO

GHOSH COMMITTEE RECOMMENDATIONS – BRANCH LEVEL
(RELATING TO FRAUDS MALPRACTICES IN BANKS – ACTION TAKEN IN RESPECT OF)

Recommendation No.	Nature of recommendation	Implementation status at Branch
Group A Part 1		
		guidelines
1.14	Issue of fresh cheque book should be only against requisition slip from previous cheque books and other precautions to be taken in respect of cheque books.	Yes as per HO guidelines
1.15	Precautions in payment of cheques – verification of signature, custody of specimen signatures, custody and control of blank cheque books, etc.	Yes as per HO guidelines
1.16	Balancing of Ledgers periodically by staff other than ledger keepers, security of unauthorized entries/corrections, and other precautions in respect of ledgers.	Yes computer-software driven
1.17	Inoperative accounts to be kept in separate ledger, specimen signature to be in custody of Manager and other precautions.	Yes Computerised accounts
1.18	Safe custody of/access to vouchers through written orders of Manager records to be maintained of those who have accessed such records.	Yes – only through orders of authorised officials
1.19	Safe custody of specimen signature cards and verification of instructions in respect of operation of the account.	Yes- All signatures are scanned- signature cards are kept in joint custody
1.21	Blank drafts forms to be treated as security items and usual precautions should be taken in respect of their issue and sales custody.	Yes under joint custody
1.23	Precautions in writing of drafts - use of pin point typewriters of reverse carbon.	Not Applicable since the branch is using Inkjet printers and not Dot matrix printers.
1.26	Way in which telegraphic/telex messages for telegraphic remittances should be sent-use of codes and accessibility to top most officers of branch, etc.	Not Applicable
1.28	Precautions against frauds perpetrated by employee-effective supervision, timely receipt of control returns and security thereof, rotation/transfer of staff, etc. Strict watch on clearing operations, house keeping, reconciliation of inter bank/branch accounts.	Yes- The branch uses checks and controls as per relevant HO guidelines
1.29	Precautions against frauds perpetrated by staff in clearing-checking of Branch Clearing General A/c. dispatch of statement, verification of instruments with relative schedules, etc.	Yes- The branch uses checks and controls as per relevant HO guidelines
1.30	Safe transit of cheques and instruments between the branches/clearing house.	Yes through recognized courier

GHOSH COMMITTEE RECOMMENDATIONS – BRANCH LEVEL
(RELATING TO FRAUDS MALPRACTICES IN BANKS – ACTION TAKEN IN RESPECT OF)

Recommendation No.	Nature of recommendation	Implementation status at Branch
Group A Part 1		
1.31	Precautions to be taken to prevent fraud through entries in suspense account-periodical balancing and checking, signing of debit vouchers by Manager/Officer authorized by him, sending periodical statements specifying reasons for non adjustment for large and long outstanding entries etc.	Yes- no entries are pending requiring provision as at the year end.
1.32	Mechanisation of operations relating to inter branch reconciliation. All branches to clear outstanding entries above 2 lakhs and not to allow them to remain outstanding for more than a month, etc.	Yes – CBS controlled
2.3	Post disbursement safeguards to be followed-critical assessment of all advances periodically, review of sticky advances and look into staff side of case when there is shift in health code status of account.	The advances are monitored regularly by the Relationship Managers and other Senior branch officials on a regular basis.
2.7	Observation of laid down rules/guidelines/safeguards by bank officials credit appraisal, presanction visit to borrowers premises/godown, proper monitoring of end use of funds all allowing payments to parties connected with borrower's line of business and not allowing transfer of large amount of sister concern's etc.	Yes- subject to our comments in the Annexure on large advances attached to and forming part of the LFAR of the branch for the year 2012-13
2.8	Check list of guidelines to avoid misuse of hypothecation/pledge facilities – verification of borrower's title to goods pledged, safety of godown. Obtention of stock statements, etc.	Yes- subject to our comments in the Annexure on large advances attached to and forming part of the LFAR of the branch for the year 2012-13
2.13	Safeguards against frauds through kite flying operations in cheques limits against clearing cheques only for prime customers, limited drawings, spare use of discretionary powers etc.	Yes- subject to irregularities on account of forced debits etc.
2.15	Precautions against frauds in bills portfolio to ensure bills represent genuine trade transactions, insistence on submission of all related documents, ascertaining credit worthiness of borrowers and drawers, lorry receipts of	Yes- The branch uses checks and controls as per

GHOSH COMMITTEE RECOMMENDATIONS – BRANCH LEVEL
(RELATING TO FRAUDS MALPRACTICES IN BANKS – ACTION TAKEN IN RESPECT OF)

Recommendation No.	Nature of recommendation	Implementation status at Branch
Group A Part 1		
	approved transporters, etc.	relevant HO guidelines
3.4	Precautions for averting frauds in the areas of letter of credit, issue of guarantees and co-acceptance facilities.	Yes- The branch uses checks and controls as per relevant HO guidelines
3.7	Bank guarantees/L.Cs to be issued in security forms specially numbered under two signatures above certain cut off point in triplicate, binding on beneficiary to seek confirmation of Controlling Office (incorporation of suitable condition in the document) etc.	Yes except for the fact that the same are issued on normal bond papers
3.8	One or two authorized signature on LC's may be from Controlling Office.	The signatories are branch officials and there is no requirement of the signatories being from the controlling office
3.9	Bills discounting facility under L/C, co-acceptance should be extended only to customers having regular sanction limits.	Yes- bills of parties other than banks borrowers is not entertained
4.4	Precautions relating to deals in items like furniture and fixtures, stationery-proper system of receiving quotations, delegation of authority, proper inventory management and periodical checking, etc.	Yes except for the fact that the quotations for major expenses are not obtained
5.2	Devising standards for suitable internal control in computerized environment.	Yes – based on the in built CBS controls.
5.5	Microfilming of records, vouchers, books.	No such system
5.6	Evolving standards for fully computerized branches.	Branch follows the guidelines of the HO in this regard under CBS environment
5.8	Screening/selection of employees in EDP cells, computer areas.	HO level monitoring
5.9	Replacement of unwilling workers in computer area.	No such situation has been faced

GHOSH COMMITTEE RECOMMENDATIONS – BRANCH LEVEL (RELATING TO FRAUDS MALPRACTICES IN BANKS – ACTION TAKEN IN RESPECT OF)		
Recommendation No.	Nature of recommendation	Implementation status at Branch
Group A Part 1		
		by the branch as reported
GROUP B Part II		
1.22	Paper used for cheques/drafts should be such that any use of chemicals for making material alterations in the instrument should be visible to the naked eye.	Yes- as per stationery provided to the Branch by the concerned department at HO.
GROUP C Part I		
9.10	Fraud cases up to Rs.25,000/- having involvement of an insider should not be reported to police where recovery is not doubtful.	No fraud reported during the year.
11.8	Banks should introduce a return for staff members to ensure strict submission of the information of assets & liabilities and proper scrutiny thereof.	Yes- as per relevant HO guidelines
GROUP D Part II		
1.12	Obtaining photographs of depositors at the time of opening of accounts.	Yes – Relevant KYC norms are adhered to in this respect
<div style="display: flex; justify-content: space-between;"> BRANCH MANAGER STATUTORY AUDITOR </div>		

Place :

Dated :