



जिला सहकारी बैंक लि० कानपुर District Co-Operative Bank Ltd. Kanpur

प्रधान कार्यालय: 30डी० ओ० ब्लॉक, किदवई नगर, कानपुर-208011

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दिनांक 01-08-2022

कोटेशन आमंत्रण

जिला सहकारी बैंक लि० कानपुर की 30 शाखाओं एवं मुख्यालय का वित्तीय वर्ष 2022-23 का समवर्ती अंकेक्षण भारतीय रिजर्व बैंक के पत्रांक DCBR.CO.BPD(PCB).MC.NO.3/12-05-001/2015-16 दिनांक 01.07.2015 में निहित कवरेज एक्टीविटी के अनुसार जिसका विवरण बैंक की वेबसाइट www.dcbkanpur.com पर भी उपलब्ध है चार्टर्ड एकाउन्टेन्ट फर्म से कराया जाना है। समवर्ती अंकेक्षण त्रैमासिक आधार पर करके रिपोर्ट मुख्यालय को त्रैमास समाप्त होने के अगले माह की 15 तारीख तक शाखावार प्रेषित करना अनिवार्य है। इच्छुक चार्टर्ड एकाउन्टेन्ट फर्म जिन्हें सहकारी बैंक अंकेक्षण के साथ DISA (DIPLOMA IN INFORMATION SYSTEM AUDIT) CERTIFICATION प्राप्त होने का अनुभव हो सील बन्द लिफाफे में अपना कोटेशन रजिस्टर्ड डाक से बैंक के प्रधान कार्यालय को दिनांक 10.08.2022 तक प्रेषित करें।

पता—

सचिव/मुख्य कार्यपालक अधिकारी
जिला सहकारी बैंक लि० कानपुर।
30-डी, ओ० ब्लॉक, किदवई नगर,
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Master Circular on Inspection & Audit Systems in Primary (Urban) Co-op. Banks

[Vide para 4.4]

Note on Concurrent Audit

1. Introduction
 - 1.1 A High level Committee set up by the Reserve Bank of India at the instance of Government of India under the chairmanship of Shri A. Ghosh, the then Deputy Governor, to enquire into various aspects of frauds and malpractices in banks, had recommended in its report, submitted in June 1992 that a system of Concurrent Audit should be introduced at large and exceptionally large branches to serve as administrative support to branches, help in adherence to prescribed systems and procedures and timely detection of lapses/irregularities. An informal group set up by the Reserve Bank of India comprising senior officers of some large commercial banks and the representatives from the Institute of Chartered Accountants of India examined the various aspects connected with the system. The views that emerged in the Group's discussions are detailed below which could be considered for adoption by primary (urban) co-operative banks.
2. Scope of Concurrent Audit
 - 2.1 Concurrent audit is an examination, which is contemporaneous with the occurrence of transactions or is carried out as near thereto as possible. It attempts to shorten the interval between a transaction and its examination by an independent person not involved in its documentation. There is an emphasis in favour of substantive checking in key areas rather than test checking.
 - 2.2 A concurrent auditor may not sit in judgement of the decision taken by bank/branch Manager or an authorised official. However, the auditor will necessarily have to see whether the transactions or decisions are within the policy parameters laid down by the Head Office/Board of Directors, they do not violate the instructions or policy prescriptions of the Reserve Bank of India and that they are within the delegated authority and in compliance with the terms and conditions for exercise of delegated authority.
3. Coverage of Business/Branches
 - 3.1 The suggested coverage may be as under:
 - 3.1.1 The Departments/Divisions at the Head Office dealing with treasury functions viz. investments, funds management including inter-bank borrowings, bill rediscount, in stock invest scheme, credit card system and foreign exchange business are to be subjected to concurrent audit. In addition, all branch offices undertaking such business, as also large



4.1.4 Advances

- 4.1.4.1 Ensure that loans and advances have been sanctioned properly (i.e. after due scrutiny and at the appropriate level).
- 4.1.4.2 Verify whether the sanctions are in accordance with delegated authority.
- 4.1.4.3 Ensure that securities and documents have been received and properly charged/registered.
- 4.1.4.4 Ensure that post disbursement, supervision and follow-up is proper, such as receipt of stock statement, instalments, renewal of limits, etc.
- 4.1.4.5 Verify whether there is any misutilisation of the loans and advances and whether there are instances indicative of diversion of funds.
- 4.1.4.6 Check whether the letters of credit issued by the branch are within the delegated power and ensure that they are for genuine trade transactions.
- 4.1.4.7 Check the bank guarantees issued, whether they have been properly worded and recorded in the register of the bank. Whether they have been promptly renewed on the due dates.
- 4.1.4.8 Ensure proper follow-up of overdue bills of exchange.
- 4.1.4.9 Verify whether the classification of advances has been done as per RBI guidelines.
- 4.1.4.10 Verify whether the submission of claims to ECGC is in time.
- 4.1.4.11 Verify that instances of exceeding delegated powers have been promptly reported to Controlling/Head Office/Board by the branch and have been got confirmed or ratified at the required level.
- 4.1.4.12 Verify the frequency and genuineness of such exercise of authority beyond the delegated powers by the concerned officials.
- 4.1.5 Foreign Exchange transactions
 - 4.1.5.1 Check foreign bills negotiated under letters of credit.
 - 4.1.5.2 Check FCNR and other non-resident accounts, whether the debits and credits are permissible under the rules.
 - 4.1.5.3 Check whether inward/outward remittance have been properly accounted for.
 - 4.1.5.4 Examine extension and cancellation of forward contracts for purchase and sale of foreign currency. Ensure that they are duly authorised and necessary charges have been recovered.
 - 4.1.5.5 Ensure that balances in Nostro accounts in different foreign currencies are within the limit as prescribed by the Bank.
 - 4.1.5.6 Ensure that the overbought/oversold position maintained in different currencies is reasonable, taking into account the foreign exchange



- 4.1.5.7. Ensure adherence to the guidelines issued by RBI/HO of the bank about dealing room operations
- 4.1.5.8. Ensure verification/reconciliation of Nostro and Vostro account transactions/ balances.
- 4.1.6. Housekeeping
 - 4.1.6.1. Ensure that the maintenance and balancing of accounts, Ledgers and registers including clean cash and general ledger is proper.
 - 4.1.6.2. Ensure prompt reconciliation of entries outstanding in the inter-branch and inter-bank accounts, Suspense Accounts, Sundry Deposits Account, Drafts Accounts, etc. Ensure early adjustment of large value entries.
 - 4.1.6.3. Carryout a percentage check of calculations of interest, discount, commission and exchange.
 - 4.1.6.4. Check whether debits in income account have been permitted by the competent authorities.
 - 4.1.6.5. Check the transactions of staff accounts.
 - 4.1.6.6. In case of difference in clearing, there is a tendency to book it in an intermediary suspense account instead of locating the difference. Examine the day book to verify as to how the differences in clearing have been adjusted. Such instances should be reported to Head Office/Board of Directors in case the difference persists.
 - 4.1.6.7. Detection and prevention of revenue leakages through close examination of income and expenditure accounts/transactions.
 - 4.1.6.8. Check cheques returned/bills returned register and look into reasons for return of those instruments.
 - 4.1.6.9. Checking of inward and outward remittances (DDs, MTs and TTs).
- 4.1.7. Other items
 - 4.1.7.1. Ensure that the branch gives proper compliance to the internal inspection/audit reports.
 - 4.1.7.2. Ensure that customer complaints are dealt with promptly
 - 4.1.7.3. Verification of statements, HO returns, statutory returns.
- 4.2. The aforesaid list is illustrative and not exhaustive. The banks may, therefore, add other items to the list, which in their opinion are useful for the purpose of proper control of the branch operations. In the context of volume of transactions in the large branches it may not be always possible for the concurrent auditors to do a cent percent check. They may, therefore, consider adopting the following norms:
 - 4.2.1. In certain areas, such as off balance sheet items (LCs and BGs), investment portfolio, foreign exchange transactions, fraud prone/sensitive areas, advances having outstanding balances of more than Rs. 5 lakhs, if



any unusual feature is observed, the concurrent auditors may conduct cent percent check.

- 4.2.2 In the case of areas such as income and expenditure items, inter-bank and inter-branch accounting, interest paid and interest received, clearing transactions, and deposit accounts, the check can be restricted to 10 to 25 per cent of the number of transactions.
- 4.2.3 Where any branch has poor performance in certain areas or requires close monitoring in housekeeping, loans and advances or investments, the concurrent auditors may carry out intensive checking of such areas.
- 4.2.4 Concurrent auditors may concentrate on high value transactions having financial implication for the bank rather than those involving lesser amount, although number-wise they may be large.
- 4.2.5 If any adverse remark is required to be given, the concurrent auditors should give reasons therefore.
- 4.2.6 Concurrent auditors may themselves identify problem areas at branch level/bank and offer their suggestions to overcome them.