

SCOPE OF WORK AND OTHER OBSERVATIONS

1. Audit Report in the attached format should be submitted by London Branch Auditor.
2. Verification of authenticity of the Profit and Loss Account, Balance Sheet and other statements with the Trial Balance (OG 1) figures and checking of the arithmetical accuracy and allocation of the appropriate codes against each of the figures.
3. Verification of Loans and Advances with respect to classification of advances – sector-wise, security-wise etc. as stated in Return V and the provisioning thereof based on RBI guidelines on IRAC norms or local requirements, whichever is more stringent. Any change is to be suggested in Annexure IV.
4. Verification of cash, security items, stamps, postage, foreign currency, stationery etc. with respect to the concerned books maintained and checking of the internal control system.
5. Completion of LFAR in all aspects by getting details from the Branch authorities. It was observed in the past that the Auditors do not reply to all the questions asked for and leave it blank. Auditors should invariably specify “Not Applicable” rather than leaving the columns blank.
6. To verify whether the functioning of the Branch with reference to accepting deposits and lending is within the powers of the Branch and is in accordance with the norms and regulations in force.
7. The Auditors should get the confirmation from the Branch /collect evidences before qualifying the Audit Report. Further, the report should also quantify the amount involved and its effect on the profit /loss of the Branch, instead of passing general remarks.
8. Please do not alter the Balance Sheet and Profit & Loss figure as they have been already been incorporated in the Consolidated Balance Sheet of the Bank. Necessary correction entries will be passed at the Corporate Office on the basis of Branch Audit Reports. Similarly, the Analysis of Advances and Provisioning (Return V) should not be altered by the Branch after their submission for consolidation. Any changes in Return V should also be reported under **Annexure VI** in consultation with Branch Officials.
9. The effect due to MOCs as per Annexure IV and VII are incorporated in the consolidated Balance Sheet of the Bank at Head Office / Corporate Office and are checked by the Statutory Central Auditors. Further, if no MOC is required to be passed, the same should be communicated through the Annexure IV and VII as NIL and to be forwarded along with the Audit Report. The Memorandum of Changes suggested by the Auditors in Annexure VII must have appropriate Balance Sheet, the description of the item, the amount involved and the entries affecting both debit and credit sides (for Balance Sheet Part A) and the original and revised amount (for Balance Sheet Part B). Further, the MOC suggested in Annexure IV should not be reported under Annexure VII as it amounts to double reporting.
10. The provision for Standard, Sub-Standard, Doubtful and Loss Assets are provided at the Corporate Office for the Bank as a whole, based on the audited Return V and Annexure IV (MOC) & VI suggested by the auditors based on the RBI guidelines on Income recognition and asset classification norms. The auditors should also confirm that the branch is adhering to the provisioning norms of Local central Bank or RBI whichever is stringent.

11. The other MOC entries suggested by the Auditors during XXXX-XX are to be passed if not passed earlier, and a confirmation to this effect is to be certified as suggested in **Annexure – XXI**. Further, these entries should not be treated as prior period expenditure as they had been accounted in Head Office last year itself.
12. Branch Auditor should cross verify the figures of Part - B with the Part - A Balance Sheet figures. The total of Annexure to Part B should tally with the total of advances above Rs. 5 Crores in Part B. Fund based and non fund based figures should also tally.
13. Branch Auditors should themselves decide on asset classification aspects and should not leave it to SCAs. Whenever they suggest changes, they should also explain the reasons adequately and send it along with the audit report.
14. To ensure the accuracy of financials, we have advised the Branch Heads to sign off a checklist attached to the year end circular. Branch Auditors may go through the checklist and ensure that all the points in the checklist are complied with.
15. In case of Quarterly Review, Branch review report and NPA review report in the attached format should be furnished by the Branch auditor.
16. It may be noted that IND AS Financials are applicable from April 1, 2019 onwards, therefore all relevant presentation, disclosures including notes in quarterly / annual results / financial statements of the bank as per requirements specified by RBI or MCA or by any other regulatory authority shall be complied with

Please note that the scope of work shall also take into account the requirements of regulators in India.

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