

**Annex III****Indicative Format / Coverage in the Long Form Audit Report (LFAR) by the Statutory Branch Auditors (SBAs)**

Name of Bank:

Name of Branch:

Branch Code:

Zone / Circle Code:

Financial Year:

I. ASSETS		
1.	Cash	
(a)	Does the system ensure that cash maintained is in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?	:
(b)	Have the cash balances at the branch / ATMs been checked at periodic intervals as per the procedure prescribed by the controlling authorities of the bank?	:
(c)	(i) Does the branch generally maintain / carry cash balances, which vary significantly from the limits fixed by the controlling authorities of the bank?	:
	(ii) Does the figure of the balance in the branch books in respect of cash with its ATMs tally with the amounts of balances with the respective ATMs, based on the year end scrolls generated by the ATMs? If there is any difference, same should be reported.	:
(d)	Whether the insurance cover available with the branch adequately meets the requirement to cover the cash-in hand and cash-in transit?	:
2.	Balances with Reserve Bank of India, State Bank of India and other banks (For branches with Treasury Operations)	
(a)	Were balance confirmation certificates obtained in respect of outstanding balances as at the year-end and whether the aforesaid balances have been reconciled? Nature and extent of differences should be reported.	:



(b)	Observations on the reconciliation statements may be reported in the following manner:	:	
	(i) Cash transactions remaining un-responded (give details)	:	
	(ii) Revenue items requiring adjustments / write-off (give details)	:	
	(iii) Other credit and debit entries originated in the statements provided by RBI / other banks, remaining un-responded for more than 15 days:	:	
	(iv) Where the branch maintains an account with RBI, the following additional matter may be reported: Entries originated prior to, but communicated/ recorded after the year end in relation to currency chest operations at the branch / other link branches, involving deposits into / withdrawals from the currency chest attached to such branches (Give details)	:	
(c)	In case, any matter deserves special attention of the management, the same may be reported.	:	
3.	Money at Call and Short Notice		
(a)	Has the branch kept money-at-call and short notice during the year?	:	
(b)	Has the year-end balance been duly confirmed and reconciled?	:	
(c)	Has interest accrued up to the year-end been properly recorded?	:	
(d)	Whether instructions / guidelines, if any, laid down by the controlling authorities of the bank have been complied with?	:	
4.	Investments (for branches outside India)		
(a)	In respect of purchase and sale of investments, has the branch acted within its delegated authority, having regard to the instructions / guidelines in this behalf issued by the controlling authorities of the bank?	:	



(b)	Have the investments held by the branch whether on its own account or on behalf of the Head Office / other branches been made available for physical verification? Where the investments are not in the possession of the branch, whether evidence with regard to their physical verification have been produced?	:	
(c)	Is the mode of valuation of investments in accordance with the RBI guidelines or the norms prescribed by the relevant regulatory authority of the country in which the branch is located whichever are more stringent?	:	
(d)	Whether there are any matured or overdue investments which have not been encashed and / or has not been serviced? If so, give details?	:	
5. Other Assets			
(a) Suspense Accounts / Sundry Assets			
	(i) Does the system of the bank ensure expeditious clearance of items debited to Suspense Account? Details of outstanding entries in excess of 90 days may be obtained from the branch and the reasons for delay in adjusting the entries may be ascertained. Does your scrutiny of the accounts under various sub-heads reveal balances, which in your opinion are not recoverable and would require a provision/write-off? If so, give details.	:	
	(ii) Does your test check indicate any unusual items in these accounts? If so, report their nature and the amounts involved. Are there any intangible items under this head e.g. losses not provided / pending investigation?	:	
II. LIABILITIES			
1. Deposits			
(a)	Does the bank have a system of identification of dormant/ inoperative accounts and internal controls with regard to operations in such accounts? In the cases examined by you, have you come across instances where the guidelines laid down in this regard have not been followed? If yes, give details thereof.	:	



(b)	After the balance sheet date and till the date of audit, whether there have been any unusual large movements (whether increase or decrease) in the aggregate deposits held at the year-end? If so, obtain the clarifications from the branch and give your comments thereon.	:								
(c)	Whether the scheme of automatic renewal of deposits applies to FCNR(B) deposits? Where such deposits have been renewed, report whether the branch has satisfied itself as to the 'non-resident status' of the depositor and whether the renewal is made as per the applicable regulatory guidelines and the original receipts / soft copy have been dispatched.	:								
(d)	Is the branch complying with the regulations on minimum balance requirement and levy of charges on non-maintenance of minimum balance in individual savings accounts?	:								
2.	Other Liabilities – Bills Payable, Sundry Deposits, etc.									
(a)	The number of items and the aggregate amount of old outstanding items pending for one years, or more be obtained from the branch and reported under appropriate heads. Give details thereof.	:								
			<table border="1"> <thead> <tr> <th>Year</th> <th>Number of Items</th> <th>Amounts</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Year	Number of Items	Amounts	Remarks			
Year	Number of Items	Amounts	Remarks							
(b)	Does your test check indicate any unusual items or material withdrawals or debits in these accounts? If so, give details thereof.	:								
3.	Contingent Liabilities									
	List of major items of the contingent liabilities (other than constituent's liabilities such as endorsements, etc.) not acknowledged by the branch?	:								
III. PROFIT AND LOSS ACCOUNT										
(a)	Has the test checking of interest / discount / commission / fees etc. revealed excess/short credit of a material amount? If so, give details thereof.	:								
(b)	Has the test check of interest on deposits revealed any excess/short debit of material amount? If so, give details thereof.	:								



(c)	Does the bank have a system of estimating and providing interest accrued on overdue/matured/ unpaid/ unclaimed term deposits including in respect of deceased depositors?	:	
(d)	Are there any divergent trends in major items of income and expenditure, in comparison with corresponding previous year, which are not satisfactorily explained by the branch? If so, the same may be reported.	:	
IV. GENERAL			
1.	Gold/ Bullion / Security Items		
(a)	Does the system ensure that gold/bullion is in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?	:	
(b)	Does the branch maintain adequate records for receipt, issues and balances of gold/bullion and updated regularly? Does the periodic verification reveal any excess/shortage of stocks as compared to book records and if any discrepancies observed have been promptly reported to controlling authorities of the bank?	:	
(c)	Does the system of the Bank ensure adequate internal control over issue and custody of security items (Term Deposit Receipts, Drafts, Pay Orders, Cheque Books, Traveller's Cheques, Gift Cheques, etc.)? Whether the system is being followed by the branch? Have you come across cases of missing/lost items?	:	
2.	Books and Records		
(a)	Whether there are any software / systems (manual or otherwise) used at the branch which are not integrated with the CBS? If yes, give details thereof.	:	
(b)	i) In case the branch has been subjected to IS Audit whether there are any adverse features reported and have a direct or indirect bearing on the branch accounts and are pending compliance? If yes give details.	:	
	ii) Whether branch is generating and verifying exception reports at the periodicity as prescribed by the bank.	:	



	iii) Whether the system of bank warrants expeditious compliance of daily exception reports and whether there are any major observations pending such compliance at the year end.	:	
	iv) Whether the bank has laid down procedures for manual intervention to system generated data and proper authentication of the related transactions arising there from along with proper audit trail of manual intervention has been obtained.	:	
	v) Furnish your comments on data integrity (including data entry, checking correctness/integrity of data, no back ended strategies etc.) which is used for MIS at HO / CO level.	:	
3.	Inter-Branch Accounts		
	Does the branch expeditiously comply with / respond to the communications from the designated cell / Head Office as regards unmatched transactions? As at the year-end are there any un-responded/un-complied queries or communications beyond 7 days? If so, give details?	:	
4.	Frauds		
	Furnish particulars of: (i) Frauds detected / classified but confirmation of reporting to RBI not available on record at branch.	:	
	(ii) Whether any suspected or likely fraud cases are reported by branch to higher office during the year? If yes, provide the details thereof related to status of investigation.	:	
	(iii) In respect of fraud, based on your overall observation, please provide your comments on the potential risk areas which might lead to perpetuation of fraud.	:	
	(iv) Whether the system of Early Warning Framework is working effectively and as required, the early warning signals form the basis for classifying an account as RFA.	:	



5.	Implementation of KYC / AML guidelines	
	Whether the branch has adequate systems and processes, as required, to ensure adherence to KYC / AML guidelines towards prevention of money laundering and terrorist financing?	:
	Whether the branch followed the KYC / AML guidelines based on the test check carried out by the branch auditors?	:
6.	Management Information System	
(a)	Whether the branch has the proper systems and procedures to ensure data integrity relating to all data inputs which are to be used for MIS at corporate office level and for supervisory reporting purposes. Have you come across any instances where data integrity was compromised?	:
7.	Miscellaneous	
(a)	In framing your audit report / LFAR, have you considered the major adverse comments arising out of the latest reports such as: i) Previous year's Branch Audit Report / LFAR; ii) Internal audit / Snap Audit / concurrent audit report(s); iii) RBI Inspection Report, if such inspection took place; iv) Income and Expenditure (Revenue) Audit; v) IS / IT / Computer / Systems Audit; and vi) Any special inspection / investigation report?	:
(b)	Are there any other matters, which you, as branch auditor, would like to bring to the notice of the management or the Statutory Central Auditors?	: