Audit under Computerized Environment C3 Borivali (Central) CPE Study Circle Of WIRC

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Session Objective

OB

© Discussion on how to utilize the information systems installed in the branch to their fullest to conduct statutory audit of banks' branches; effectively

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Disclaimer

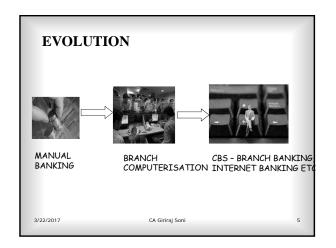
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Contents C3 R Basic Introduction of CBS including Modules Features, Assumptions R General Audit Procedures in Computerized Environments Detailed Audit Procedure R Case Study R Screen Review



CBS – Features	
☐ Unique customer id ☐ All retail function combined ☐ Customization as per requirement ☐ Multi location access ☐ Centralized database	
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ASSUMPTIONS/MYTHS

Computerized system is full proof

 Audit in computerized environment required more technical knowledge

⇔ No need for control review as control are in built ⇔ Staff / operators have full knowledge of operations ⇔ NPA are System generated

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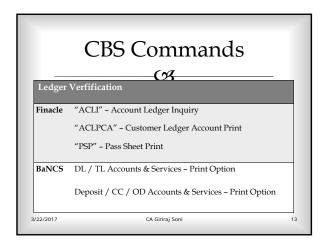
MODULES

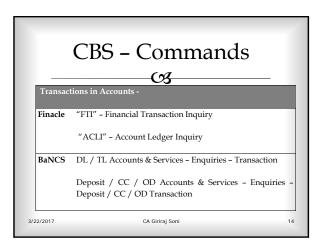


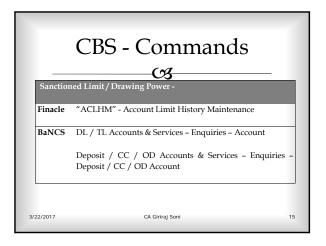
- Employee / user module
- ➤ Customer master module
- > Account master module
- > Transaction module
- ➤ Stationary module
- ➤ Remittance module
- > Trade finance and foreign exchange
- ➤ Non customer account pl/gl/sundry /suspense
- > BCP AND DRP / Call centre and help desk

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Planning - Branch Statutory Audit ☐ Verification of Financial Statements, other Closing Returns & Certificates including Tax Audit Report. ☐ Verification of Advances including Credit Appraisal, Documentation & Monitoring of Advances $\hfill \square$ Compliance to Asset Classification & Income Recognition Norms ☐ System and Control related Issues in Operation including Revenue Leakage ☐ Physical verification of assets e.g. Cash, Fixed Assets, Gold Coins, Stamps etc 3/22/2017 CA Giriraj Soni **Common Audit Procedure** comparing it with that as on a nearby date before 31st and after 31st to identify window dressing, if any. A Checking Due Date Diaries for Renewal, Insurance, Inspection, Stock Statement etc ™ Checking of Scheme Code Wise Jotting Summary that is balancing as on last date and comparing with GL Balances . Comparing the List of NPA Accounts as on Current Year with Previous year or interim Period. ○ No need to check P&L and Balance Sheet with PL and GL, respectively as the same are system generated. 3/22/2017 CA Giriraj Soni **Common Audit Procedure** CB \bowtie Analyse sanction terms of top 10 borrower accounts. Verify whether correct rate of interest is fed in the system and whether sanction terms have been complied with. ○ Similar analysis may be done for a few advances sanctioned during the year.



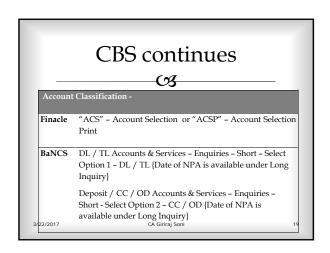


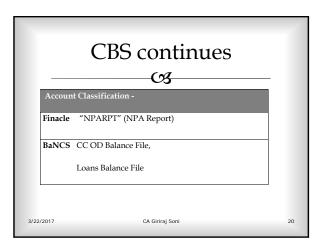


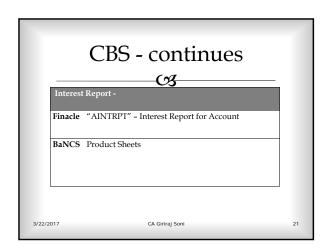
CBS - Commands C3 Repayment Terms, Interest Parameters including Penal Interest Finacle "ACM" - Account Master "CUMM / CUMI" - Customer Master Maintenance / Customer Master Inquiry "LARSH" - Loans Repayment Schedule Report BaNCS DL / TL Accounts & Services - Enquiries - Account Deposit / CC / OD Accounts & Services - Enquiries Deposit / CC / OD Account

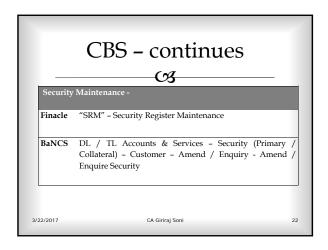
CBS – Continued CM Interest Rate History Finacle "INTTM" - Interest Table Master Maintenance BaNCS DL / TL Accounts & Services - Interest Rate History Deposit / CC / OD Accounts & Services - Interest Rate History Accounts & Services - Interest Rate History CA Giriraj Soni 17

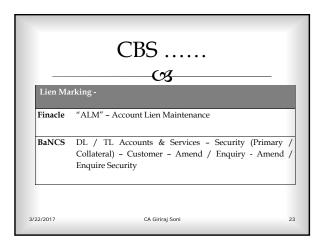
CBS continued C3 Turnover in an account or Debit & Credit Summation Finacle "ATOR" - Account Turnover Report "ACTI" - Account Turnover Inquiry BaNCS DL / TL Accounts & Services - Enquiries - Long Deposit / CC / OD Accounts & Services - Enquiries - Long CA Giriraj Soni 18

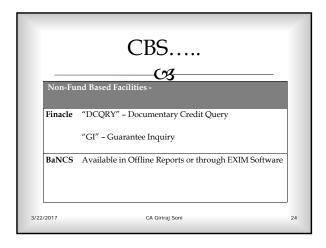


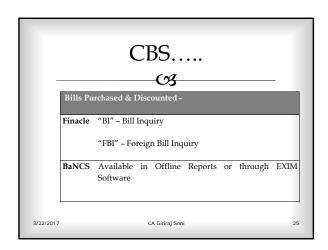


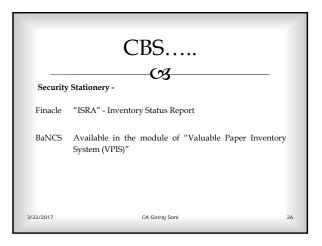




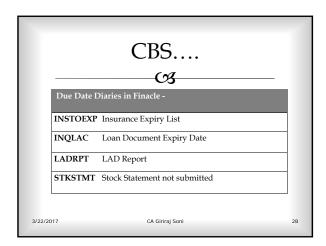


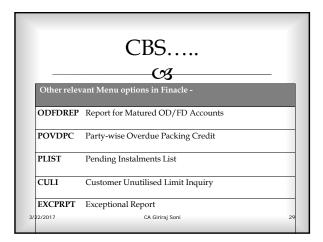






	CBS		
Deducti	on of Tax at Source -		
Finacle	"TDSIP" - TDS Inquiry / Print		
	"ACSP" - Account Selection for accounts having balance more than a threshold		
BaNCS	Available in Offline Reports on account wise / transaction wise Tax Deduction		





Some issues / Limitation In many banks CBS (Finacle) is still not used for classification of NPA accounts. Further, NPA due to non submission of stock statement and non renewal of limits is again required to be classified manually.

Issues/ Limitation

- ☐ During transfer of data from CBS (Like Finacle) to Advances software (Like CCIS, ASCROM etc.) some alterations / mistakes are possible.
- ☐ Also there is a lot of data which needs to be fed afresh in Advances Software, since either CBS does not contain it or the data in CBS is not up to date (e.g. value of security are not there in CBS).

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Issues / Limitation

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- © Updating of data like dates of last inspection, review, documents etc. is not done. Also installment amount, date of first installment etc. are not fed. Thus, CBS may not be used to its fullest.
- SO 5) CBS has made our work difficult to the extent that now anybody e.g. central statutory auditor may review branch's data and thereby our work sitting in Z.O. / H.O. of the bank.

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32

Revenue Leakages

 $\mathcal{O}_{\mathcal{S}}$

- Omission in charging penal rate of interest e.g. for non-submission of Financial Statements, Stock Bookdebts Statements, Ext. Credit Rating etc.
- Commitment Charges

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33

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1	1

Revenue Leakages

C3

- ${\mathfrak S}$ Rate of interest in case of irregular advance related accounts

- Cash Handling Charges
- $\ensuremath{\mathsf{c}}\xspace^{\ensuremath{\mathsf{R}}}\xspace$ Charges for use of Locker exceeding the permissible limit etc.

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Revenue Leakages

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- See "Interest Failure Reports" for CC/OD and Loans to detect leakage of revenue. 'Interest Rate History' may also be referred.
- Redger accounts of CC accounts on month ends or quarter ends may be analysed.
- Sanction letter of Top 10 or 20 accounts (Especially accounts where a 'Minimum Rate of Interest' is being stipulated and Account Master to be checked.

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Shortcuts

$\mathcal{O}\!\!\mathcal{S}$

∝ F1 - HELP

 ${\it c}{\it R}$ F2 - LIST OF ITEMS FOR SELECTION

 \bowtie SHIFT + F4 - SELECTING THE ITEM FROM LIST

⇔ F10 - COMMIT

∝ CTRL + D - PAGE DOWN

 \bowtie CTRL + U - PAGE UP

∞ CTRL + E - EXPLODE DETAILS

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Case Study- NPA Case Study- NPA Case Facts Case Fac