Borivali Study Circle of WIRC, ICAI

BANK BRANCH AUDIT under CBS ENVIRONMENT (Advances)

Agenda

- Purpose of SBA
- Coverage of Advances
- General Guidelines
- Reports
- Rate of Interest & Charges
- Revenue Leakage
- Sensitive Accounts
- Important Menu Options
- Important Tips
- Question & Answer

Core Banking Solution

Finacle

- Bank of India
- Bank of Baroda
- Punjab National Bank
- Union Bank of India
- United Bank of India
- Uco Bank
- Vijaya Bank
- Andhra Bank
- Oriental Bank of Commerce

Finacle

- ICICI Bank
- Axis Bank
- IDBI Bank
- Kotak Mahindra Bank
- Indusind Bank
- ING Vyasya Bank (KMB)
- Federal Bank

Core Banking Solution

Bancs 24

- State Bank of India
- Central Bank of India
- Bank of Maharashtra
- Allahabad Bank
- Indian Bank

Flexcube

- Syndicate Bank
- Canara Bank
- Yes Bank
- Lakshmi Vilas Bank
- HDFC Bank

Coverage on Advances

- All large advances
- Test check other advances
- Check list
- Credit appraisal
- Sanctioning
- Disbursements
- Documentation
- Review/ Monitoring/ Supervision

General Guidelines

- Audit through the computer
- Use automated tools (CAAT)
- Learn & use SQL
- Peruse Credit Audit Report
- RBS Report
- Finacle menu option

Basic Report

Accountwise interest report for all 7 types of accounts

- Account no., name
- A/c type
- Interest table code
- Scheme code
- A/c preferential interest
- Customer preferential interest
- Pegging flag
- Limit Level Flag
- Limit
- Outstanding balance

REVENUE LEAKAGES-reasons

- ROI not correctly interpreted/ charged
- Processing charges not recovered
- Interest incorrectly reversed
- Limit history changed
- Omission of penal interest
- Inspection charges
- Cash handling charges
- Upfront fee in term loans
- Overdue interest
- Others

Sensitive accounts

- Proxy A/c
- System A/c
- Trading A/c
- Migration A/c
- Difference A/c
- Sundry A/c
- Dummy A/c

TIPS

 Where concessional ROI sanctioned & effective, while considering excess / adhoc / inter-changeability from NFB to FB, such concession not applicable unless specifically / separately sanctioned. Same is also applicable for concession in charges of LC / BG etc. for excess allowed.

Regular Reports

- Exceptional Transaction Report
- TOD Report
- Inter-SOL transaction report
- Interest Fail Report Advances
- Audit Trail
- Audit File Enquiry
- Financial Transaction enquiry
- Control Report

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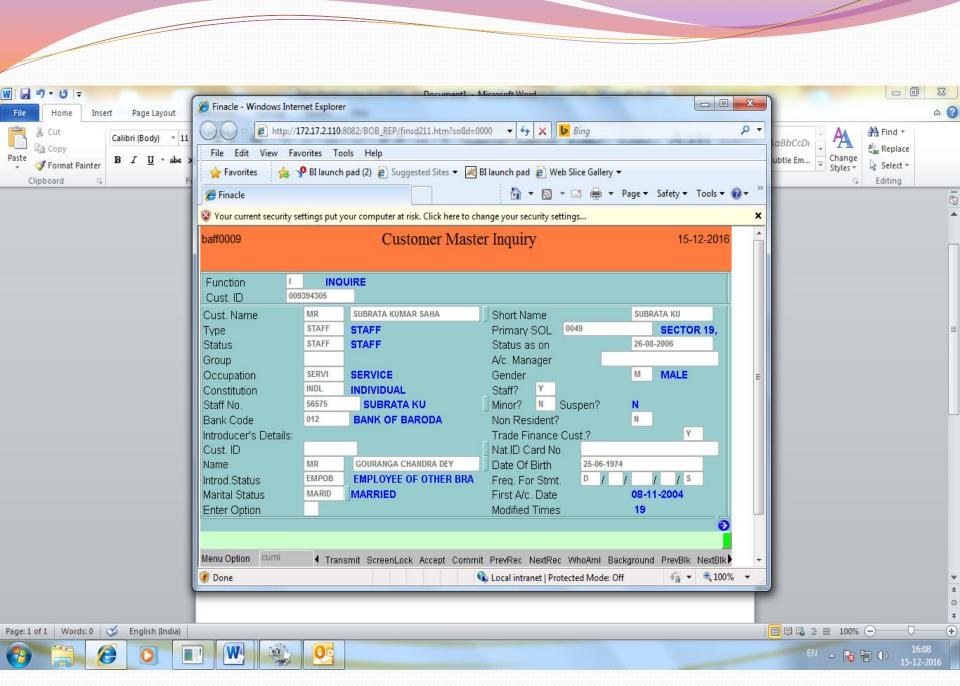
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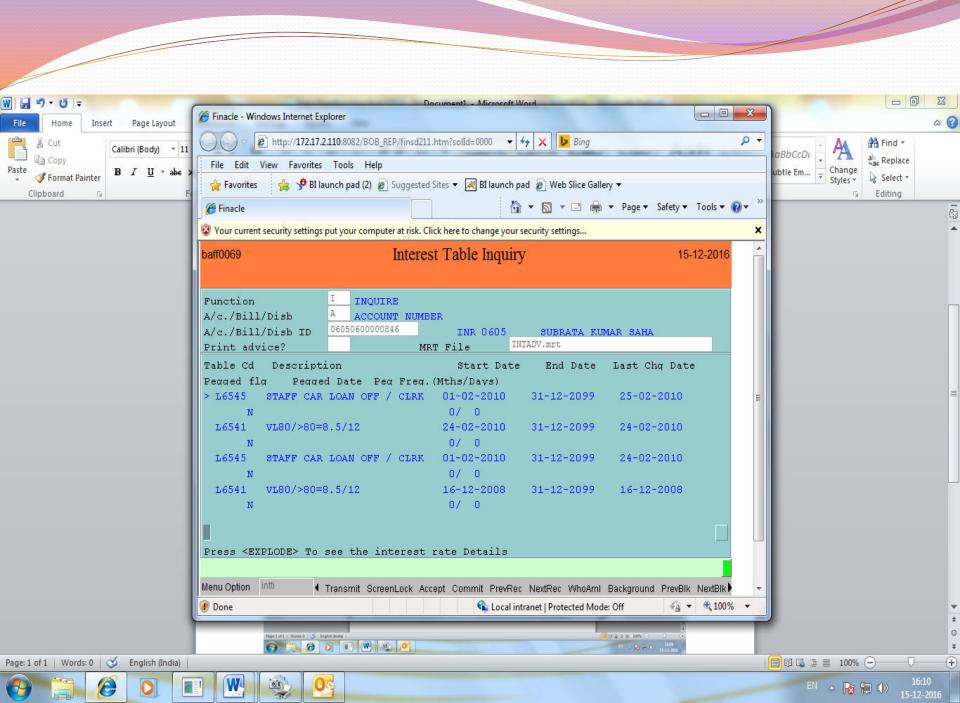
| SR.N O. | NAME OF THE REPORT | FINACLE | BANCS 24 |
|------------|---------------------------------------|----------|--|
| 1 | Abnormal Transaction Inquires | ATI | DEPOST/ CC / OD & DL/ TL Account & Services Enquiry Transaction |
| 2 | Account TOD Inquiry | ACTODI | TOD Report |
| 3 | Exception Report | EXCPRPT | Report Server Exceptional Report |
| 4 | Insurance Expired | INSEXPD | Report ServerExpired Insurance Report |
| 5 | Accounts Interest report | AINTRPT | Report ServerCC/ OD & Loan Balance File Or Product Sheet to be requested from Data centre (If not available through product name.) |
| 6 | Loan sanction Limit Reivew | LAROR | CC /OD & DL/ TL Accounts & Services EnquiryShort/ Long Enquiry |
| 7 | List of Pending & Dishonored Bills | FBPADB | Report Server MIS Report/ Trade Module |
| 8 | Loan Interest Detail Inquiry | AITINQ | CC / OD/ DL/ TL Accounts & Services Interest Rate History |
| 9 | Loan Overdue Details | LOANODUE | CC / OD/ DL/ TL Accounts & Services Enquiry Long Enquiry / Short Enquiry |

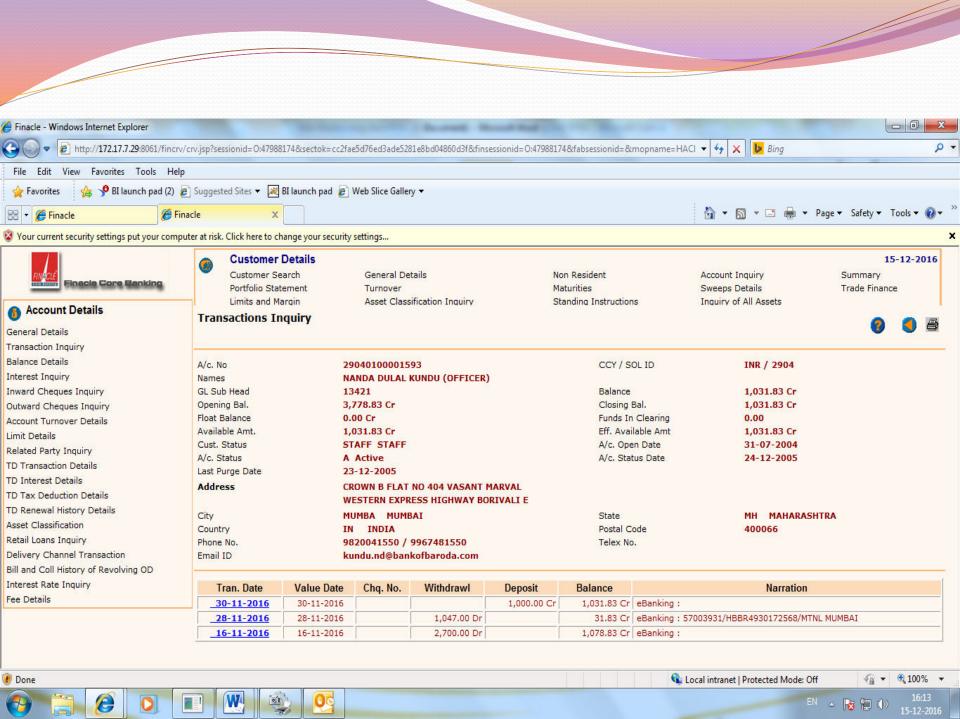
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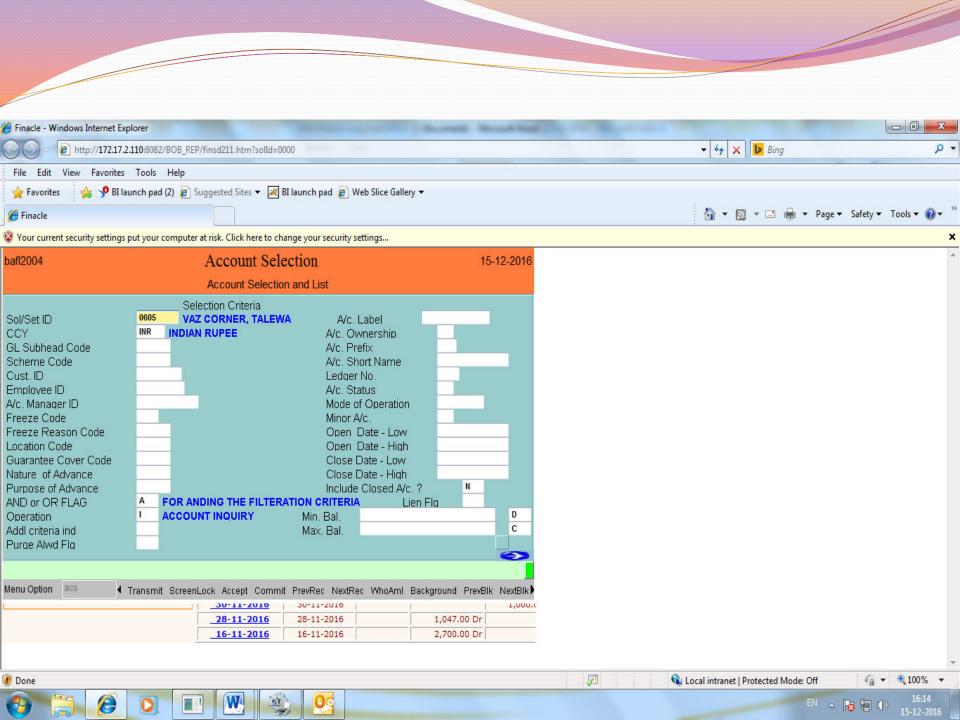
Transaction Code -Reports under CBS

| SR.NO. | NAME OF THE REPORT | FINACLE | BANCS 24 |
|--------|--------------------------------------|---------|--|
| 10 | Loan Overdue Position Inquiry | LAOPI | CC / OD/ DL/ TL Accounts & Services Enquiry Long Enquiry / Short Enquiry |
| 11 | Loan Document expiry dates | INQLAC | DL / TL Accounts & Services Security Customer Amend/ Enquiry |
| 12 | PCFC Balancing Report | PCFCBAL | Report Server MIS Report / Trade Module |
| 13 | Pending Installment List | PLIST | CC / OD & DL/ TL Accounts & Services Enquiry Accounts |
| 14 | Rate List History Query | RTHQRY | CC / OD/ DL/ TL Accounts & Services Interest Rate History |
| 15 | Report for Matured OD/FD Accounts | ODFDREP | Report Server MIS Report Security Matured Report |
| 16 | TDS Inquiry & Printing | TDSIP | Through offline monthly repost on Account wise/ Transaction wise tax deduction |
| 17 | Transaction Exceptions Inquiry | TEI | CC / OD & DL/ TL Accounts & Services EnquiryTransaction |
| 18 | Guarantee Expired but not Reversed | GENR | Reports Server Trade Module Guarantee Expired Report |
| 19 | Overdue Foreign Bills | ODFB | Report Server Trade Module |









Exception – Product Level

- Back value dated transactions
- Stale instrument
- Account frozen
- Cheque cautioned/ not issued
- Staff account transactions
- Sanction limit expired/ exceeded
- Customer-ID mismatch for Dr. & Cr. A/c
- Account below minimum balance
- Disbursement > sanction limit
- Customer ID mismatch for Loan & Operative A/c

Reasons for incorrect Interest

- Scheme code selection
- Interest table code
- Customer preferencial
- Account preferencial
- Collection/ Pay flag
- Moratorium period
- Int on int flag
- Maximum/ minimum interest
- Interest frequency
- Interest flow/ start date

Important menu

- SEARCH Search for menu, account
- ACLI Account Ledger inquiry
- ACI Account inquiry
- ACS Account details
- CUMI Customer master inquiry
- EXCPRPT Exceptional Report
- TODRP TOD report
- ISTR Inter SOL transaction report
- ATOR Account turnover report
- CLMRPTS Security/ Insurance register
- ACLPOA Office account ledger

IMPORTANT MENU OPTION

| Sr. No | Menu | Description |
|--------|---------|---|
| 1 | HACTODM | To enquire details of TOD/Excess granted |
| 2 | ACLHM | To enquire about limit history changes |
| 3 | MINTRPT | To enquire manual interest transaction report |
| 4 | MNTFWC | Forward contract register |
| 5 | FWCLIAB | Forward contract liability register |
| 6 | IRM | Inward remittances maintenance |
| 7 | ORM | Outward remittances maintenance |
| 8 | NEWACTR | New account turnover report |
| 9 | RPCTM | Packing credit disbursement |
| 10 | POVDPC | Overdue PC |
| 11 | ODCM | Detail of LC & charges |
| 12 | GMM | Guarantee master maintenance |
| 13 | FBM | Foreign bills register |

IMPORTANT REPORTS

RPTMENU

- Account wise interest report
- Excess/ overdrawn report
- Reports on list of users reset
- Intersol Dr. Txn in CCA
- Report for premature closure of TD
- Adv A/c opened during given period
- TDA A/c not having repayment A/c
- Active A/c not operated in last 6 m
- TDS Code report

RPTMENU

- FD Balance mismatch
- Limit/DP/Review Date change report
- Report on LABOD
- Loans where int flag in N
- Misc report for Adv
- A/c wise interest booked report
- Int failed report on loan
- Interest failure report on SB

REPORTS

RPTMENU

- ❖ NRE A/c Cash Deposit Report
- Adhoc Loan interest Report
- ❖ A/c having Int collect flag N
- ❖ A/c having A/c preferential int
- A/c having cust preferential int
- ❖TDA A/c Bal < Deposit</p>
- Int application report
- ❖ Cash Deposit > 10 lac in a year

MISC DOWNLOD

- Duplicate Locker report
- KYC Compliance Report
- EMI excess report
- Report on Interest paid for TDR
- Customised account statement
- Cheque rejection report

CBS ERROR REPORTS

- List of FDR having ROI > 11%
- All FCNR with ZERO ROI
- All FDR with ZERO ROI
- FDR with Period > 240 months
- All crop loan where ROI < 7% (except DRI)
- All LA172 accounts where security not attached
- All Staff loan where interest is credited
- All staff OD where interest is credited
- LA169-170 Next interest calculation date
- LA172 Next interest calculation date
- All OD, CC where Limit level Flag with ZERO ROI

CBS ERROR REPORTS

- List of deposit A/c with Dummy/ inoperative
- List of Dormant A/c with conditions
- List of Deposit A/c with 2 characters
- All NRO with holding Tax rate Zero
- All SOD with incorrect ROI
- Loan Accounts with wrong interest application frequency
- OD Account with ROI > 20%
- Loan Account no of EMI > 360
- Advances account with interest on principle in N
- Advances with Int on Int is N
- Advances with interest collect flag N
- Deposit Account with interest pay flag as N
- Limit Expiry Report
- List of Cash deposit in NRE Account
- Loan period less than EMI period.

FRMS ALERTS

- TOD within BM power after 14 days
- Cash transactions > 50,000 in a day
- Transaction in an inactive a/c
- Txn > 1 lac in newly opened a/c
- Excess TOD beyond BM power after 5 days
- Intersol Txn staff A/c
- Txn > 2 lacs in low profile A/c
- Dr Txn in other office A/c
- Txn in Dormant A/c
- Dr Txn in sensitive office A/c
- Cr > 50000 in staff A/c

- Abnormal int rate in TD
- Cash payent from office A/c
- TOD beyond BM power > 5 days
- Excess over sanctioned limit –
 OD property
- Excess over sanctioned limit –
 OD Traders
- Excess over sanctioned limit –
 LABOD
- Back value dated Txn > 10 lacs
- Intersol Txn > 50 lacs
- High value Txn without cheque
- Manual interest paid on FDR

Critical issues

- CHGIR Report on charges
- NPATM Transaction in NPA A/c
- BOBMEAC Reversal in unservices interest
- INTTM interest maintenance (restricted)
- Next interest application date
- Account recalled flag should not be Y
- Packing credit Tenor based interest
- TEV study charges
- Locker rent
- Recovery of excess paid in deposit A/c

Tips

While sanctioning additional / multiple agricultural credit facilities, all existing loans and BKCC should be included in the proposal to decide correct ROI, to ensure PSS with full proposal papers if exceeded `10lac and for better credit monitoring.

Tips

 BKCC ROI at non-subvention interest rate and agricultural TL ROI should be decided on the basis of aggregate exposure per borrower and not on the basis of limit of individual BKCC / Loan a/c. Correct ROI i.e. 0% +Base Rate for aggregate limits up to '3lac, 1.25%+Base rate for aggregate limits upto `25lac and 2.00%+Base rate for aggregate limits over `25lac.

Tips

- Account closure charges CACC
- Bulk deposit no advantage on senior citizen
- Concessional ROI not applicable to adhoc sanction
- BKCC ROI customerwise not account based for non-subvention A/c
- Fixed ROI discontinued except for HLA
- IAMREP Interest adjustment report
- MINTRPT Manual interest application report

Questions & Answers

THANK YOU