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DIRECTORATE OF COOPERATIVE AUDIT: ODISHA: BHUBANESWAR

Letter No.VI (4)31/2013 518 (16) / Audit-2 Dated. 30.1.14

To

By E. Moh  
The Assistant Auditor General of Cooperative Societies of circles.

Sub: Adoption of Long Form Audit Report for statutory audit of Urban Cooperative Banks in the state.

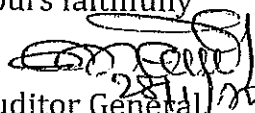
Sir,

A copy of the format of Long Form Audit Report as prescribed by Reserve Bank of India for its adoption for statutory audit report of Urban Cooperative Banks in the state is annexed for your reference. The important 63 points to be dealt in respective para in addition to the points mentioned in the LFAR are enclosed herewith to incorporate the observations in the Audit report.

It is, therefore, requested to circulate it among all auditors and issue necessary instructions to the statutory/ interim auditors of UCBs under your jurisdiction to adopt the same henceforth i.e. from 2013-2014 and onwards.

Action taken in the matter may be intimated to this office.

Yours faithfully

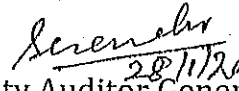
  
Auditor General,

Cooperative Societies, Odisha.

Memo No. 519 (12) /

Dated. 30.1.14 /

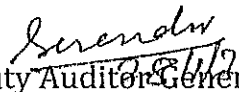
Copy along with the enclosure forwarded to the Chief Executive of UCBs in the state for information and necessary action. They are requested to submit their audit reports as per the enclosed LFAR henceforth i.e. from 2013-2014.

  
Deputy Auditor General of Cooperative Societies, Odisha.

Memo No. 520 (2) /

Dated. 30.1.14 /

Copy along with the enclosure forwarded to the Registrar of Cooperative Societies, Odisha, Bhubaneswar/ D.G.M, RBI(UBD), Bhubaneswar for information.

  
Deputy Auditor General of Cooperative Societies, Odisha.

AKS.13.01.2014.



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12

**THE STATUTORY AUDIT REPORT OF \_\_\_\_\_ URBAN  
COOPERATIVE BANK LTD. \_\_\_\_\_ FOR THE YEAR 20**

**PART -I**

1. Name & Address of the U.C.B. Ltd. :
2. Registration No. & Date :
3. Area of Operation :
4. Date of functioning of the Bank :
5. Year of Audit :
6. Authorisation Order no. & Date :
7. Name of the previous Auditor :
8. Name of the present Auditor :
9. Name of the President and his tenure :
10. Name of the Chief Executive and his  
tenure. :
11. Date of commencement of audit :
12. Date of completion of audit :
13. Total No. of days devoted for final  
audit. :
14. Total No. of days devoted for  
concurrent audit/ Interim audit :

**BRANCHES**

| Sl. No. | Name & Address of the Branch | Name of the Branch Manager & his tenure | Type of audit. Concurrent/ interim | Date of commencement & completion | Total No. days devoted | Name of the Concurrent Auditor/ interim Auditor |
|---------|------------------------------|-----------------------------------------|------------------------------------|-----------------------------------|------------------------|-------------------------------------------------|
| 1       | 2                            | 3                                       | 4                                  | 5                                 | 6                      | 7                                               |

**Extension Counters**

| Sl. No. | Name & Address of the Extension Counter | Name of the Incharge & his tenure | Type of audit. Concurrent / interim | Date of commencement & completion | Total No. days devoted | Name of the Concurrent Auditor/ interim Auditor |
|---------|-----------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|------------------------|-------------------------------------------------|
| 1       | 2                                       | 3                                 | 4                                   | 5                                 | 6                      | 7                                               |

**Collection Centres**

| Sl. No. | Name & Address of the Collection Centre | Name of the Incharge & his tenure | Type of audit. Concurrent/ interim | Date of commencement & completion | Total No. days devoted | Name of the Concurrent Auditor/ interim Auditor |
|---------|-----------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------|-------------------------------------------------|
| 1       | 2                                       | 3                                 | 4                                  | 5                                 | 6                      | 7                                               |

**Observation :-**

**15. Verifications at the commencement of Statutory Audit.**

(Verification report to be submitted separately. Irregularity if any to be dealt here only in the following points)

- i) Verification of Cash Balance
- ii) Verification of Postage Stamp
- iii) Verification of Govt. & Trust securities.
- iv) Verification of Share Certificates.
- v) Verification of other Investment.
- vi) Verification of Bank Balance.
- vii) Verification of Bills.
- viii) Verification of Insurance Policies.
- ix) Verification of Gold Packets.
- x) Verification of other assets.

**Observation**

## PART – II

### 1. Introduction.

### 2. Bye – Laws.

### Observation

### 3. Management

Details of formation on Committee of Management during the period of audit and at the time of audit.

| Sl. No. | Name of the members of Committee of Management | Date of functioning | Designation | Tenure |
|---------|------------------------------------------------|---------------------|-------------|--------|
| 1       | 2                                              | 3                   | 4           | 5      |

### Observations:

### 4. Role of Committee of Management :

### 5. Committee meetings/ AGB meeting :

#### i) Meetings of Committee of Management.

a) Important resolutions contradictory to Act & Rules, Byelaws etc.

b) Irregularities if any with observation.

- a) Decision of AGB meeting, contradictory to Act, Rules, Byelaws etc
- b) Irregularities if any with observation.

6. Sub Committee.

(Details of Sub-committees, i.e., formation, functioning and decisions taken by the Sub-Committee contradictory to Act, Rules, Byelaws etc.)

7. Key Personnel :

Observations:

8. Administration/ Staff position

Observation :

9. Membership

10. Share Capital/ Authorised Share Capital.

11. Working Capital

Observations :

12. Analysis of Capital

| Sl. No. | Particulars of Capital | Balance as on | Percentage to Working Capital |
|---------|------------------------|---------------|-------------------------------|
| 1       | 2                      | 3             | 4                             |
| a.      | Share Capital          |               |                               |
| b.      | Borrowed Capital       |               |                               |
|         | i) Deposit             |               |                               |
|         | ii) Loans & Borrowings |               |                               |

(D) Own Capital

- i. Share Capital.
- ii. Reserves.

(iii)

| Sl. No. | Particulars        | Amount | Percentage |           |
|---------|--------------------|--------|------------|-----------|
|         |                    |        | This Year  | Last Year |
| 1       | 2                  | 3      | 4          | 5         |
| 1.      | Own Capital to     |        |            |           |
|         | Borrowed Capital   |        |            |           |
| 2.      | Investment to      |        |            |           |
|         | Working Capital    |        |            |           |
| 3.      | Loan & Advances to |        |            |           |
|         | Working Capital    |        |            |           |

(iv) 0. Capital Fund

Net Worth/ Capital Fund:-

A – Tier – I (Core Capital)

Tier – II Capital

Observations :

13. Analysis of RWA and CRAR

14. Maximum Borrowing Power (MBP)

Observation

15. Borrowings (Details should be given)

Observation

16. Utilisation of Capital

a) Sources & Uses of Funds.

Observation

17. Deposits

A. Low Cost Deposits

| Sl. No. |   | 31.03.<br>(Previous year) | 31.03.<br>(Current year) | decrease (-) over<br>last year |
|---------|---|---------------------------|--------------------------|--------------------------------|
| 1       | 2 | 3                         | 4                        | 5                              |

**B. High Cost Deposits.**

| Sl. No. | Particulars | Position as on<br>31.03.<br>(Previous year) | Position as on<br>31.03.<br>(Current year) | % of increase (+)/<br>decrease (-) over<br>last year |
|---------|-------------|---------------------------------------------|--------------------------------------------|------------------------------------------------------|
| 1       | 2           | 3                                           | 4                                          | 5                                                    |

**18. Rate of Interest**

Interest rate on Deposits

| Sl. No. | Particulars | Current Year |
|---------|-------------|--------------|
|---------|-------------|--------------|

Interest rate of Loans

| Sl. No. | Particulars | Previous rate w.e. from | Current rate with effect from |
|---------|-------------|-------------------------|-------------------------------|
|---------|-------------|-------------------------|-------------------------------|

**19. Government Assistance, if any**

**20. Investment and utilisation of Statutory Reserve & other fund**

A. Details position of funds available for investment

| Sl. No. | Particulars of<br>Funds/ Reserves | Amount<br>Previous year | Created during<br>current year | Balance |
|---------|-----------------------------------|-------------------------|--------------------------------|---------|
|---------|-----------------------------------|-------------------------|--------------------------------|---------|

B. Investment in Government Securities.

C. Investment in other Trustee Securities.

D. Share in other cooperative institutions.

E. PSU Bond etc.

F. Certificate of Deposit.

Observation

**21. Investment of Loan**

A. Short Term Loan

1611

| Sl. No. | Type of Loan | Outstanding as on 31.03 Previous year | Investment made during the year (Current year) | Collection made during the year (Current year) | Balance outstanding as on 31.03 Current year |
|---------|--------------|---------------------------------------|------------------------------------------------|------------------------------------------------|----------------------------------------------|
| 1       | 2            | 3                                     | 4                                              | 5                                              | 6                                            |

B. Medium Term Loan

| Sl. No. | Type of Loan | Outstanding as on 31.03 Previous year | Investment made during the year (Current year) | Collection made during the year (Current year) | Balance outstanding as on 31.03 Current year |
|---------|--------------|---------------------------------------|------------------------------------------------|------------------------------------------------|----------------------------------------------|
| 1       | 2            | 3                                     | 4                                              | 5                                              | 6                                            |

C. Long Term Loan

| Sl. No. | Type of Loan | Outstanding as on 31.03 Previous year | Investment made during the year (Current year) | Collection made during the year (Current year) | Balance outstanding as on 31.03 Current year |
|---------|--------------|---------------------------------------|------------------------------------------------|------------------------------------------------|----------------------------------------------|
| 1       | 2            | 3                                     | 4                                              | 5                                              | 6                                            |

D. Demand, Collection & Balance. (Principal & Interest)

Observation

22. Credit Appraisal

Observation

23. Sanction / Disbursement

24. Documentation

Observation

25. Review/ Monitoring/ Supervision

26. Maintenance of CRR & SLR

27. Large Advance compared to Exposure limit

28. Funds Management

Observation

29. Bad & Doubtful Advances (NPA)

a) Classification of Assets (NPA) and provisioning thereof.

Observation

- i. Inter Branch Reconciliation & with H.O.:
- ii. Inspection of Branch & H.O. :
- iii. Inspection by RCS, Orissa/ RBI :
- iv. Internal Audit:

v. Vigilance:

Observation

31. Budget

Observation

32. Dividend

Observation

33. Profitability

34. Bonus & Ex-gratia to Staff

35. Vehicle Account

Observation

36. Telephone Account

Observation

37. Do's & Dont's of Directors

Observation of Audit:

38. E.P & Dispute

A. E. P. Cases

B. Dispute Cases

C. Other Legal cases

39. Surcharge Cases.

40. Cost of Management

Observation

41. Cost of Establishment

42. Real Income/ Net Income

Observation

43. Suspense Account/ Sundry Deposit A/c

44. Maintenance of Books & Records

(Statement on list of records to be maintained should be attached)

45. Audit Fees

46. Fixed Assets:-

47. Others if any:-

PART - II (B)

1. Rectification of audit defects of the previous year.
2. Rectification of defects as per RBI Inspection
3. Major audit defects noticed during the course of final audit.

Defects & Suggestions (Branch wise)

- Schedules -

| <u>Schedule - 1 - Capital</u>                                                             | <u>Previous Year</u> | <u>Current Year</u> |
|-------------------------------------------------------------------------------------------|----------------------|---------------------|
| <u>Authorised Capital</u><br>i. Issued, Subscribed<br>ii. Paid up Capital<br><u>Total</u> |                      |                     |
| <u>Schedule -2 - Reserves</u>                                                             | <u>Previous Year</u> | <u>Current Year</u> |
| i. Statutory Reserve fund<br>ii. Building fund<br>iii. Investment Fluctuation Reserve     |                      |                     |

|              |                                             |
|--------------|---------------------------------------------|
| v.           | Dividend Equalisation Fund                  |
| vi.          | Contingency Reserve                         |
| vii.         | Special contingency Reserve                 |
| viii.        | Reserve Fund (other if any)                 |
| ix.          | Charitable Fund                             |
| x.           | Contingent Provision against Standard Asset |
| xi.          | Gratuity to Staff                           |
| xii.         | General Reserve                             |
| xiii.        | Revaluation Reserve                         |
| xiv.         | Special Reserve U/S 36(1)(viii) of IT Act   |
| xv.          | Investment fluctuation fund                 |
| xvi.         | Special General Reserve                     |
| <b>Total</b> |                                             |

| <b>Schedule – 3 – Deposit and other Accounts</b> |                 | <b>O.B.</b> |  | <b>During the Year</b> |               | <b>Balance</b> |               |
|--------------------------------------------------|-----------------|-------------|--|------------------------|---------------|----------------|---------------|
|                                                  |                 |             |  | <b>Debit</b>           | <b>Credit</b> | <b>Debit</b>   | <b>Credit</b> |
| <b>A. Current Deposit</b>                        |                 |             |  |                        |               |                |               |
| i.                                               | Individual      |             |  |                        |               |                |               |
| ii.                                              | Other Societies |             |  |                        |               |                |               |
| <b>Total</b>                                     |                 |             |  |                        |               |                |               |
| <b>B. Saving Deposit</b>                         |                 |             |  |                        |               |                |               |
| i.                                               | Individual      |             |  |                        |               |                |               |
| ii.                                              | Other Societies |             |  |                        |               |                |               |
| <b>Total</b>                                     |                 |             |  |                        |               |                |               |
| <b>C. Term Deposits</b>                          |                 |             |  |                        |               |                |               |
| i.                                               | Individual      |             |  |                        |               |                |               |
| ii.                                              | Other Societies |             |  |                        |               |                |               |
| <b>Total</b>                                     |                 |             |  |                        |               |                |               |
| <b>D. Matured Deposits</b>                       |                 |             |  |                        |               |                |               |
| <b>E. Long Term (Subordinate) deposit</b>        |                 |             |  |                        |               |                |               |
| <b>Grand Total (A+B+C+D)</b>                     |                 |             |  |                        |               |                |               |
| <b>Schedule – 4 – Borrowings</b>                 |                 | <b>O.B.</b> |  | <b>During the Year</b> |               | <b>Balance</b> |               |
|                                                  |                 |             |  | <b>Debit</b>           | <b>Credit</b> | <b>Debit</b>   | <b>Credit</b> |

1615-19

|                                                |                             |  |  |                            |  |
|------------------------------------------------|-----------------------------|--|--|----------------------------|--|
| a) Financing Agency (Specify)                  |                             |  |  |                            |  |
| b) Government                                  |                             |  |  |                            |  |
| c) Other Agencies (if any)                     |                             |  |  |                            |  |
| <b>Total</b>                                   |                             |  |  |                            |  |
| <b><u>Schedule – 5 – Other Liabilities</u></b> | <b><u>Previous Year</u></b> |  |  | <b><u>Current Year</u></b> |  |
| i. Bills payable                               |                             |  |  |                            |  |
| ii. Unclaimed Dividends                        |                             |  |  |                            |  |
| iii. Drafts payable                            |                             |  |  |                            |  |
| iv. Bonus payable to staff                     |                             |  |  |                            |  |
| v. Pay orders issued                           |                             |  |  |                            |  |
| vi. Provision for Income Tax & FBT             |                             |  |  |                            |  |
| vii. Collection Account                        |                             |  |  |                            |  |
| viii. Interest/ Commission received in advance |                             |  |  |                            |  |
| ix. Leave encashment                           |                             |  |  |                            |  |
| x. Sundries                                    |                             |  |  |                            |  |
| xi. Interest payable on matured Term Deposit   |                             |  |  |                            |  |
| xii. Provision for depreciation on Investment  |                             |  |  |                            |  |
| <b>Total</b>                                   |                             |  |  |                            |  |
| <b><u>Schedule – 6 – Profit &amp; Loss</u></b> | <b><u>Previous Year</u></b> |  |  | <b><u>Current Year</u></b> |  |
| Profit as per last Balance Sheet               |                             |  |  |                            |  |
| Less: Appropriations                           |                             |  |  |                            |  |
| i. Statutory Reserve Fund                      |                             |  |  |                            |  |
| ii. Building fund                              |                             |  |  |                            |  |
| iii. Dividend to members                       |                             |  |  |                            |  |
| iv. Charities                                  |                             |  |  |                            |  |
| v. Staff welfare fund                          |                             |  |  |                            |  |
| vi. Education fund                             |                             |  |  |                            |  |
| vii. Member's welfare fund                     |                             |  |  |                            |  |
| viii. Ex-gratia to staff                       |                             |  |  |                            |  |
| ix. Contingency reserve                        |                             |  |  |                            |  |
| x. Investment fluctuation reserves             |                             |  |  |                            |  |
| xi. Investment fluctuation fund                |                             |  |  |                            |  |
| xii. Special General Reserve                   |                             |  |  |                            |  |

|                                                                      |                             |                            |
|----------------------------------------------------------------------|-----------------------------|----------------------------|
| Less: prior period adjustment                                        |                             |                            |
| Add: Net profit for the year as per P&L A/c                          |                             |                            |
| <b>Total</b>                                                         |                             |                            |
| <b><u>Schedule – 7 – Cash</u></b>                                    | <b><u>Previous Year</u></b> | <b><u>Current Year</u></b> |
| i. Cash in hand                                                      |                             |                            |
| ii. Current deposit                                                  |                             |                            |
| iii. Balance with RBI                                                |                             |                            |
| iv. Balance with SBI & its subsidiaries                              |                             |                            |
| v. Balance with OSCB                                                 |                             |                            |
| vi. Balance with DCCBs                                               |                             |                            |
| <b><u>Fixed Deposit</u></b>                                          |                             |                            |
| i. Fixed deposit with SBI & its subsidiaries                         |                             |                            |
| <b>Total</b>                                                         |                             |                            |
| <b><u>Schedule – 8 – Deposit with other Banks</u></b>                | <b><u>Previous Year</u></b> | <b><u>Current Year</u></b> |
| i. Current Deposits with Private and Nationalised Banks              |                             |                            |
| ii. Current Deposit with Banks abroad                                |                             |                            |
| iii. Fixed deposit with Private & Nationalised Bank                  |                             |                            |
| iv. Fixed deposit with other Banks                                   |                             |                            |
| <b>Total</b>                                                         |                             |                            |
| <b><u>Schedule – 9 – Investments</u></b>                             |                             |                            |
| i. Government Securities                                             |                             |                            |
| ii. Other Trustee Securities                                         |                             |                            |
| iii. Shares in Coop. Institutions & Coop. Hsg. Societies             |                             |                            |
| iv. PSU Bonds & Bonds of all India Financial Institutions            |                             |                            |
| v. Certificate of Deposits                                           |                             |                            |
| <b>Total</b>                                                         |                             |                            |
| <b><u>Schedule – 10 – Advances</u></b>                               |                             |                            |
| <b>I. Short Term Loans, Cash Credit, Overdraft, Bills Discounted</b> |                             |                            |
| Of which, secured against                                            |                             |                            |
| a. Government and other approved Securities                          |                             |                            |
| b. Other Tangible Securities (Including Rs.NIL)                      |                             |                            |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| <p>against endorsement/ acceptances by Banks)</p> <p>c. Unsecured Advances/ Surety Loans with or without collateral Securities.</p> <p>Of the Short Term advances amount due from individual Rs.</p> <p>Of the Short Term advances amount Overdue Rs.</p> <p>Considered Bad &amp; Doubtful of recovery (Fully Provided for) Rs.</p> <p><b>II. Medium Term Loans of which Secured against</b></p> <p>a. Govt. &amp; Other approved Securities</p> <p>b. Other Tangible Securities (Including Rs.NIL against endorsement/ acceptances by Banks)</p> <p>c. Unsecured Advances/ Surety Loans with or without collateral Securities.</p> <p>Of the Medium Term advances amount due from individual Rs.</p> <p>Of the Medium Term advances amount Overdue Rs.</p> <p>Considered Bad &amp; Doubtful of recovery (Fully Provided for) Rs.</p> <p><b>III. Long Term Loans of which Secured against</b></p> <p>a. Govt. &amp; Other approved Securities</p> <p>b. Other Tangible Securities (Including Rs.NIL against endorsement/ acceptances by Banks)</p> <p>c. Unsecured Advances/ Surety Loans with or without collateral Securities.</p> <p>Of the Long Term advances amount due from individual Rs.</p> <p>Of the Long Term advances amount Overdue Rs.</p> <p>Considered Bad &amp; Doubtful of recovery (Fully Provided for) Rs.</p> <p><b>Total</b></p> |  |  |
| <p><b><u>Schedule – 11 – Interest on other Investment</u></b></p> <p>i. On Investments</p> <p>ii. On Margin with</p> <p>iii. On Staff Housing Loans</p> <p>iv. On Agricultural Loan</p> <p><b>Total</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |  |

|                                                                                                                                                                                                                                                                         |  |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| <b>Gross Block</b><br>At Original cost<br>Addition during the year<br>Deductions during the year<br><b>Total</b><br><b>Accumulated Depreciation</b><br>Opening Balance<br>Addition during the year<br>Deduction during the year<br><b>Total</b><br><b>NET BLOCK</b>     |  |  |
| <b>Schedule – 13 – Furniture &amp; Fixtures</b>                                                                                                                                                                                                                         |  |  |
| <b>Gross Block</b><br>At Original cost<br>Addition during the year<br>Deductions during the year<br><b>Total</b><br><b>Accumulated Depreciation</b><br>Opening Balance<br>Addition during the year<br>Deduction during the year<br><b>Total</b><br><b>NET BLOCK</b>     |  |  |
| <b>Schedule – 14 – Other Fixed Assets</b>                                                                                                                                                                                                                               |  |  |
| <b>I. Plant &amp; Machinery</b>                                                                                                                                                                                                                                         |  |  |
| <b>Gross Block</b><br>At Original cost<br>Addition during the year<br>Deductions during the year<br><b>Total</b><br><b>Accumulated Depreciation</b><br>Opening Balance<br>Addition during the year<br>Deduction during the year<br><b>Total</b><br><b>NET BLOCK (A)</b> |  |  |
| <b>II. Civil Works</b>                                                                                                                                                                                                                                                  |  |  |
| <b>Gross Block</b><br>At Original cost<br>Addition during the year                                                                                                                                                                                                      |  |  |

2/10/16

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                      |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
| Deductions during the year<br><b>Total</b><br><b>Accumulated Depreciation</b><br>Opening Balance<br>Addition during the year<br>Deduction during the year<br><b>Total</b><br><b>NET BLOCK (B)</b><br><b>III. Vehicles</b><br><b>Gross Block</b><br>At Original cost<br>Addition during the year<br>Deductions during the year<br><b>Total</b><br><b>Accumulated Depreciation</b><br>Opening Balance<br>Addition during the year<br>Deduction during the year<br><b>Total</b><br><b>NET BLOCK (C)</b><br><b>IV. Capital Work in Progress (D)</b><br><b>Total (A+B+C+D)</b> |                      |                     |
| <b>Schedule – 15 – other Assets</b><br>i. Tax refund receivable<br>ii. Stock of stationery<br>iii. Deposits with telephones<br>iv. Advance Income Tax & FBT paid<br>v. Miscellaneous Assets<br>vi. Deposits towards acquisition of premises<br>vii. Depreciation on securities to be amortised<br>viii. Forex Gain receivable<br>ix. Software expenses<br>x. Tax deducted at source<br>xi. Margin (Cash) with<br>xii. Margin (Cash) with settlement Guarantee fund<br>xiii. Sundry Debtors<br><b>Total</b>                                                                | <b>Previous Year</b> | <b>Current Year</b> |

**Schedule – 16 – Acquisition costs**

a) Acquisition cost carried forward Rs.  
Less : Amortisation during the year Rs.

Amortisation Reserve

Rs.

Total

## STATEMENTS

### Statement – 1 – Staff Position

| Sl. No. | Name of the post | Grade | Scale of Pay | Approved sanctioned strength | Existing strength |             |
|---------|------------------|-------|--------------|------------------------------|-------------------|-------------|
|         |                  |       |              |                              | Regular           | Officiating |

#### Abstract

Regular Staff

Male

Female

Total

General

S.C.

S.T.

SEBC

Total

### Statement – 2 – Advances – Priority Sector

No. of accounts

Amount outstanding

### Statement – 3

DCB of Loan & Advances

### Statement – 4

DCB of Interest

### Statement – 5 – NPA

Detail classification and provision thereof with computation of Net NPA.

### Statement – 6

Depreciation on Fixed assets.

### Statement – 7

Statement of Deposit and Investments.

### Statement – 8

Statement of Loans, Investments, Recoveries and Balance as on date of Balance Sheet. (Short Term & Medium Term)

### Statement – 9

Statement showing Period wise overdue.

1691 16

**Statement – 10**

Statement showing Liquidity maintenance (CRR/ SLR).

**Statement – 11**

Bank account reconciliation statement.

**Statement – 12**

Statement showing No. of defaulted Loanees out of total Loanees.

**Statement – 13**

Statement showing outstanding charges payable.

**Statement – 14**

Statement showing un-reconciled accounts.

**Statement – 15**

Statement showing details of advances sanctioned to Directors and their relatives along with their present outstanding.

**Statement – 16**

Statement showing disposal of E.P. Cases.

**Statement – 17**

Statement showing disposal of Dispute cases.

**Statement 18**

Statement showing detail action taken on fraud.

**Statement 19**

Top twenty defaulters.

**Statement 20**

Statement on Borrowing and Repayment .

**Statement 21**

Statement on Insurance coverage .

**Statement 22**

Statement on defaulted Government employees (as per requirement of Govt.).

**Statement 23**

Calculation of Risk Weighted Assets & computation of CRAR.

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## NORMS FOR AUDIT CLASSIFICATION OF PRIMARY (URBAN) COOPERATIVE BANKS

An assessment of the working of Primary (Urban) Cooperative Banks excluding salary earner's Societies may be made under the following broad heads and marks given on the basis of specific norms indicated under each head. The Audit Classification of the bank may thereafter be arrived at on the basis of the aggregate marks secured by it, as indicated below:

### 1. DEPOSIT MOBILISATION 5 marks

The marks under this head may be given taking into account the extent of increase in deposits achieved by the Bank over its previous year's level on the basis of the following norms:

#### Increase in total deposits over the previous year

- |    |                          |         |
|----|--------------------------|---------|
| a. | 20% or more              | 5 marks |
| b. | Between 15% and upto 20% | 4 marks |
| c. | Between 10% and upto 15% | 3 marks |
| d. | Below 10%                | Nil     |

*Note:* If the percentage of institutional deposits in the increase is above 40%, reduce 1 mark for every percent above 40%.

### 2. PERFORMANCE UNDER PRIORITY SECTOR/ WEAKER SECTION ADVANCES 15 MARKS

Marks under this head may be given on the basis of level of priority sector/ weaker section advances outstanding in relation to the total advances/ priority sector advances of the Bank on the last day of the Cooperative Year as indicated below:

#### i. PERCENTAGE OF PRIORITY SECTOR ADVANCES TO TOTAL ADVANCES AT THE END OF THE YEAR

- |    |                          |          |
|----|--------------------------|----------|
| a. | 60% and above            | 10 marks |
| b. | Between 50% and upto 60% | 7 marks  |
| c. | Between 40% and upto 50% | 5 marks  |
| d. | Below 40%                | Nil      |

#### ii. PERCENTAGE OF WEAKER SECTION ADVANCES TO TOTAL PRIORITY SECTOR ADVANCES AT THE END OF THE YEAR

- |    |                          |         |
|----|--------------------------|---------|
| a. | 25% and above            | 5 marks |
| b. | Between 15% and upto 25% | 3 marks |
| c. | Less than 15%            | Nil     |

### 3. RECOVERY PERFORMANCE 25 marks

Marks may be given on the basis of the percentage of overdue to the loans and advances outstanding at the end of the Cooperative Year and also steps taken by the Bank to cover the overdue with legal action

#### i. PERCENTAGE OF OVERDUES TO LOANS & ADVANCES OUTSTANDING AT THE END OF THE COOPERATIVE YEAR

- 1623
- 1693
- a. Overdues upto 5% 20 marks
  - b. For every increase of 1.5% or fraction over 5%  
reduce 1 mark each

ii. **PERFORMANCE OF THE BANK IN TAKING EFFECTIVE LEGAL ACTION** 5 marks

Cases under Section 101 filed

- a. Above 75% of overdues over one year 5 marks
- b. 50% to 75% of overdues over one year 3 marks
- c. Less than 50% overdues over one year Nil

*Note:* The performance of the Bank under this head is to be related to the demand instead of outstanding after ascertaining of DCB Registers by Urban Cooperative Bank.

4. **RESERVES/ PROVISIONS TO COVER EROSION IN THE VALUE OF ASSETS** 5 marks

The Banks are required to make full provision in respect of the estimated erosion in the value of their assets comprising Bad & Doubtful Debts and other assets. Depending upon the extent to which the erosion in the value of assets is covered by corresponding reserves and provisions, marks may be given on the following basis:

**EXTENT TO WHICH EROSION IS COVERED BY RESERVES/ PROVISION.**

- a. 100% 5 marks
- b. 50% and above but less than 100% 3 marks
- c. Less than 50% Nil

5. **MAINTENANCE OF CASH RESERVE/ LIQUID ASSETS** 10 marks

- a. Cash Reserve 5 marks
- b. Liquid Assets 5 marks

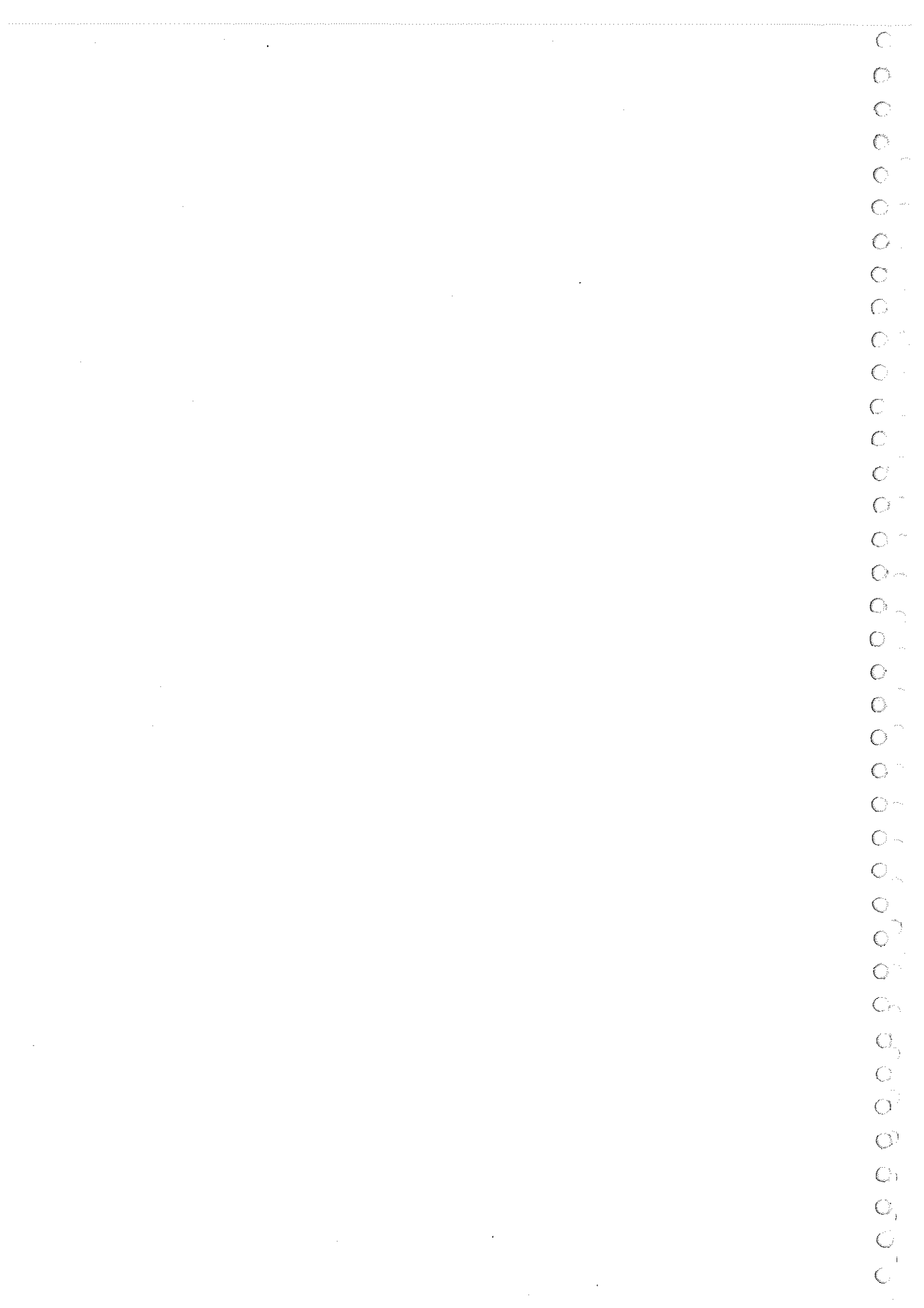
Full marks may be given under each aspect, if the Bank has maintained the required Cash Reserve/ Liquid Assets throughout the year. No marks should be given if there are defaults.

*Note:* Defaults due to Cash in Transit may be ignored. Similarly, defaults not exceeding 6 occasions (but not continuous even in respect of such 6 occasions) in a year may be ignored

6. **MANAGEMENT OF FUNDS** 5 marks

Urban Cooperative Banks are expected to make judicious use of funds. The Banks should ensure that the surplus in Cash reserve and Liquid Assets does not exceed the optimum level which is 6% in case of Cash Reserve and 30% in case of Liquid Assets and 33% for total Cash Reserve & Liquid Assets taken together. The percentages are in relation to total of Demand & Time Liabilities reckoned under Section 18 & 24 of the Banking Regulation Act, 1949 (As applicable to Cooperative Societies). Marks under this aspect may be given on the following basis:

- a. Maintenance of Cash Reserve/ Liquid Assets below 5 marks



- (624)
- b. the optimum level throughout the year
- b. Surplus over the optimum level either under Cash reserve or Liquid Assets or both sporadically observed for short periods not exceeding 3 days at a stretch and not exceeding 10 occasions in a year. 3 marks
- c. If surplus noticed in Cash reserve and / or Liquid Assets over and above the optimum level for long stretches of period and for more than 10 occasions. Nil

**7. LOANS AND ADVANCES**

**10 marks**

The Auditor should scrutinize loan cases falling under different categories on a ample or random basis. It should be verified whether, in these cases, the loan application has been complete in all respects, proper scrutiny has been done, sanction has been done by the proper Authority after following all due procedures and whether proper documentation has been done in terms of securities etc. before disbursement. It will be advisable for the Auditor to take up particularly bigger loan cases for scrutiny. The Auditor may give a mark in the range 0 to 10 depending upon irregularities detected.

**8. WORKING RESULTS**

**8 marks**

Marks under this head may be given on the following basis:

- i. Bank has earned Profit (on Net Worth profitability) 3 marks
- a. 0 to 0.50 1 mark
- b. 0.50 to 0.75 2 marks
- c. 0.75 to 1 or above 3 marks
- ii. The Bank has made appropriate allocations to various Reserves/ Provisions 1 mark
- iii. The Bank has declared dividend at least 9% 2 marks
- iv. The Bank's Cost of Management was not more than 2% of its Working Capital or 20% of its Gross Profit whichever is less 2 marks

**9. OPERATIONAL EFFICIENCY**

**12 marks**

Marks under this head may be given on the following basis:

- i. Compliance with RBI directives 2 marks
- ii. No defaults in the repayment of borrowings from higher financing agencies 2 marks
- iii. No default in the submission of various returns prescribed under the Banking regulation Act 1949 and the Maharashtra Cooperative Societies Act throughout the year 2 marks

**10. EFFICIENCY OF MANAGEMENT**

5 marks

Marks under this head may be given on the following basis:

- i. The meetings of the Board/ Committees/ General Body held regularly 1 mark
- ii. Proper maintenance of Books Accounts 1 mark
- iii. Proper system of internal checks and branch control introduced and observed 1 mark
- iv. Proper system for recruitment of qualified staff and their training introduced 2 marks

**AUDIT CLASSIFICATION:**

Depending upon the aggregate marks secured by the Bank on the basis of the above 10 norms Audit Classification may be made on the following basis:

| Sl. | Marks Secured                 | Audit Classification |
|-----|-------------------------------|----------------------|
| a.  | 70 and above                  | A                    |
| b.  | 55 and above but less than 70 | B                    |
| c.  | 40 and above but less than 55 | C                    |
| d.  | Less than 40                  | D                    |

**Notes:**

1. If the overdues are above 35% the Audit Classification should be reduced by one step below.
2. 2 to 5 marks be reduced if fraud/ misappropriation is detected but no action is taken by Bank.
3. The banks which are under rehabilitation may be classified as 'C'. The Banks which are not satisfying the provisions of Section 11 of the Banking Regulation Act 1949 (as applicable to Cooperative Societies) may be classified under 'D'.

606/85

**IMPORTANT POINTS TO BE DEALT IN THE STATUTORY AUDIT REPORT OF UCB.**

| Sl. No | Particulars                                                                                                   |
|--------|---------------------------------------------------------------------------------------------------------------|
| 1.     | Own Fund.                                                                                                     |
| 2.     | Real exchange value of Capital.                                                                               |
| 3.     | Erosion if any.                                                                                               |
| 4.     | CRAR                                                                                                          |
| 5.     | Excess Cash balance more than 7 days if any.                                                                  |
| 6.     | Whether bank accounts are reconciled periodically or not with difference.                                     |
| 7.     | Comments on SBD A/C in Post Office & Other Institutions , dormant or active.                                  |
| 8.     | Whether non SLR investments are evaluated periodically/maintenance of CRR & SLR.                              |
| 9.     | Comments on investment policy.                                                                                |
| 10.    | Whether all the investments are evaluated periodically or not.                                                |
| 11.    | Maintenance of loan application register & other irregularities in sanction of loan.                          |
| 12.    | Credit appraisal of loan application.                                                                         |
| 13.    | Issue of sanction order of loan.                                                                              |
| 14.    | Whether fair practice code has been displayed or not.                                                         |
| 15.    | Maintenance of documentation register & safe keeping of documents.                                            |
| 16.    | Whether documents are properly filled up or not.                                                              |
| 17.    | Operation of CC loan without renewal.                                                                         |
| 18.    | Insurance of Assets in case of hypothecation loans.                                                           |
| 19.    | Post sanction monitoring visit.                                                                               |
| 20.    | Maintenance of land register.                                                                                 |
| 21.    | Whether periodical stock statement have been obtained or not in case of hypothecated loans.                   |
| 22.    | Whether sanction of loans are within the exposure limit or not/over drawal if any.                            |
| 23.    | Is there any loan outstanding beyond the maturity date of FD, NSC & Others in case of Loan Against Deposit.   |
| 24.    | Is there any system for intimating the depositors after maturity of their deposit.                            |
| 25.    | Amount of Gold Loan outstanding since long and action taken by bank.                                          |
| 26.    | Whether DCB Register is properly maintained or not.                                                           |
| 27.    | Number of dispute and EP cases pending since long for disposal and amount involved.                           |
| 28.    | Balancing of Accounts/Inoperative Accounts.                                                                   |
| 29.    | Reconciliation of Accounts. (Specify the account not balanced and the account remained unreconciled.)         |
| 30.    | Income leakage.                                                                                               |
| 31.    | Interest paid & payable.                                                                                      |
| 32.    | Interest received & receivable.                                                                               |
| 33.    | Sundry Debtor & Sundry Creditor.                                                                              |
| 34.    | Reason of loss with list of loss Assets.                                                                      |
| 35.    | Whether Interest has been charged on agricultural loan monthly or not.                                        |
| 36.    | Whether separate head of Account has been maintained for computer and computer peripherals or not.            |
| 37.    | Whether Dead Stock verification has been made or not.                                                         |
| 38.    | Whether Dead Stock register is maintained indicating the name of the article, date of purchase and its value. |
| 39.    | Violation of KYC, AML & CFT principles if any.                                                                |
| 40.    | Maintenance of Complaint register.                                                                            |

|     |                                                                                                                                       |
|-----|---------------------------------------------------------------------------------------------------------------------------------------|
|     | Adjustment A/C.                                                                                                                       |
| 42. | Payment of premium to DICGC in time or not.                                                                                           |
| 43. | Monthly review of Sundry Creditor and Sundry Debtor.                                                                                  |
| 44. | Submission of controlled returns .                                                                                                    |
| 45. | Violation of BR Act, RBI Act, OCS Act & Rules and Other Laws.                                                                         |
| 46. | Board members . defaulted <i>loans and non performing assets. In loan dues</i>                                                        |
| 47. | Absence from Board Meeting for more than 3 consecutive times by the Directors.                                                        |
| 48. | Is there any due date diary for redemption of investments.                                                                            |
| 49. | Whether monthly Trial Balance is prepared or not.                                                                                     |
| 50. | Whether NDTL is correctly assessed or not.                                                                                            |
| 51. | Frauds if any.                                                                                                                        |
| 52. | Appointment of staff if any along with its mode of appointment and salary structure. Is there any irregularities.                     |
| 53. | Disciplinary action taken against the employees of the Bank and procedural irregularity in disposal of the same & its present status. |
| 54. | Observations of auditors on software adopted by Bank. Specify if it is performing properly so as to cater to the actual need.         |
| 55. | Comment on NPA.                                                                                                                       |
| 56. | Third party Cheques/ Bills/Drafts-violation of guideline of RBI (No-18/07.38.23/2009-10/6.9.2009)                                     |
| 57. | Comment on off Balance Sheet items if any.                                                                                            |
| 58. | MIS.                                                                                                                                  |
| 59. | Inspection.                                                                                                                           |
| 60. | Staff Deposits.                                                                                                                       |
| 61. | Internal control.                                                                                                                     |
| 62. | Do's or Don'ts for Directors.                                                                                                         |
| 63. | Staff Advances.                                                                                                                       |