C/C

DIRECTORATE OF COOPERATIVE AUDIT: ODISHA: BHUBANESWAR.

Circular No.VI (4)108/2012 1573 / Audit-1 Dated. 4.3.201

Sub: Format for monthly Concurrent Audit Report of O.S.C Bank. Ltd.

Please refer this office letter No.3407 dtd.01.06.2004 where in a format for presentation of monthly Concurrent Audit Report for Concurrent Auditors, conducting Banks (all type) was prescribed along with specific guidelines in connection with the matter. The purpose of introduction of the format was to maintain uniformity at all level of this Directorate and to avoid difficulty in consolidation of monthly Concurrent Audit Report for preparation of annual, Interim Audit report at the end of the year. Following stipulations were laid down in the aforesaid letter for guidance of Concurrent Auditors & the Assistant A.G.C.S of circles as well.

1. The auditor has to submit the audited R/E statement for the period covered under audit duly signed by the concerned Branch Manager, accountant & the Auditor. Profit & Loss Accounts should also be given, if possible.

2. The Auditor is to submit two copies of Concurrent Audit Reports to the concerned Assistant A.G.C.S besides submission of the same to the Chief Executive of the Banks. The Assistant A.G.C.S are to examine the same in their office & submit consolidated reports of all branches to this office along with examination reports highlighting Concurrent Audit findings at each branch along with their comments/observation.

3. Prompt action is to be initiated u/s 67 of OCS Act, 1962 in case of any incidence of irregularity/illegality/fraud/misappropriation leading to deficiency at assets of the Bank, as reported in monthly Concurrent Audit Report without waiting for Final Audit Report.

But, it is observed that most of the Concurrent Auditors especially deputed to OSCB Ltd., are neither submitted information in the aforesaid prescribed proforma nor in the line of requirement of the format. The instructions of the undersigned have been sidelined by the concurrent auditor and Assistant A.G.C.S of circles as well resulting in various financial irregularities/ misappropriations/fraud in some CCB/UCB/Apex Bank even after adoption of concurrent audit system in the Bank as per the guidelines of the R.B.I.

Concurrent Audit is a regular process that has to be carried out round the year at a branch on an ongoing basis. It is an independent appraisal activity conceived as a systematic examination of financial transaction at a branch to ensure accuracy and compliance of the Bank. It aims at minimizing the incidence at serious errors & fraudulent misappropriations. As the purpose of presence of Concurrent Auditors in the Bank is to provide a second look on the operation, they are required to check entire working of the branch/ H.O covering 100% transaction & whenever serious irregularities will be observed these have to be immediately reported by them to concerned quarters. Keeping the above aspects in view, reports, prescribed earlier & to maintain uniformity a format for presentation of monthly concurrent audit report of Bank is now prescribed for O.S.C.B Ltd.

The Concurrent Auditors shall submit Concurrent Audit Reports of their respective branch/H.O in the prescribed proforma, duly filed in, by 3rd of each month, in case of holiday the same shall be submitted on the next day. M.P.R should be factual clear and exhaustive in details wherever necessary.

Any deviation to the aforesaid instruction of the undersigned will be viewed seriously.

(B.N.Mallick)

Auditor General
Cooperative Societies, Odisha.

Memo No. 1574 (12) /

Dated. 4.3.2013./

Copy forwarded to all Concurrent Auditors of OSCB Ltd. for information and necessary action.

Auditor General
Cooperative Societies, Odisha.

1575

Memo No. 1575 / Dated. 4. 3. 2013. /

Copy to the Managing Director, Odisha State Cooperative Bank Ltd., Bhubaneswar for information and necessary action.

Auditor General
Cooperative Societies, Odisha.
2.3.2013

Memo No. 1576 / Dated. 4. 3. 2013. /

Copy forwarded to the Registrar of Cooperative Societies, Odisha, Bhubaneswar for information and necessary action.

Auditor General
Cooperative Societies, Odisha.
2.3.2013

Memo No. 1577 / Dated. 4. 3. 2013 /

Copy submitted to Commissioner-Cum-Secretary to Government of Odisha, Cooperation Department, Bhubaneswar for information and necessary action.

Auditor General
Cooperative Societies, Odisha.
2.3.2013

20 Spare Copies DCA, Odisha, Bhubaneswar

Memo no 4417 (16) dtd 17. 8. 13.

copy to all Asst. ACCs of circle for inf. & n/a. They are requested to pl[ease] see that all the concurrent Auditors should see[l] their Monthly concurrent Audit Reports in the pro forma annexed to the circular & rep[ort] compliance forthwith.

AKS............

Copy to A-8 | A-2

MONTHLY CONCURRENT AUDIT REPORT OF URBAN COOPERATIVE BANK, CENTRAL COOPERATIVE BANK AND ODISHA STATE COOPERATIVE BANK LTD. FOR THE MONTH OF...

01		Name of the Bank	:-
02		Name of the Branch	:-
03		Name of the Auditor with Designation	:-
04	(i)	Days taken for Audit	:-
	(ii)	Period cover under Audit	:-
05		Name and Designation of the Branch Manager & the other staff during the period covered under Audit	:-
06		Person with designation appointed during the period covered under audit whether their appointments are legally and regularly made (vide circular on illegal appointment).	:-
07		Verification of cash balance at the time of commencement of audit or any time in between & result of cash verification. The Auditor should also offer his comment/ observation whether the cash retention is within limit fixed by the Bank, there is adequate insurance cover, whether under double lock & whether during period covered by audit the cash balance of any day was verified by the Bank supervising Officer.	:-
08		Verification of Current short-term deposits with other Bank & check the same with verified balance if available. (absence of certified balance should itself, be an audit comment & responsibility itself be an audit comment & responsibility be fixed on the B.M for the same)	:-

09	Result of verification of cash balance at least for 2 days in the period of Concurrent Audit.		
	Date of Verification **Denomi-nation** **Total**		
10	Proper accounting of currency chest transaction, its prompt reporting to R.B.I.	:-	
11	Expenses incurred by cash payment involving sizable amount whether such expenditure is authorized by the appropriate authority.	:-	
12	**LOAN AND ADVANCES**		
	i.	Total (type wise) Loan and advances disbursed during the period covered under audit.	:-
	ii.	Whether loans applied in proper form.	:-
	iii.	Whether there was proper credit appraisal as per norms prescribed by the Bank. What did you observed as major deficiencies in credit appraisal (Give case wise details in brief)	:-
	iv.	Whether any credit facility extended beyond the power & jurisdiction of Branch Manager, give details if any.	:-
	v.	Whether overdrafts, overdrawals allowed in cash credits. Give case wise details, fixing responsibility for the deviation, if any.	:-
	vi.	Whether loan files are disposed off through committees approach?	:-
	vii.	Case of illegal finance where amount disbursed without complying terms & conditions of sanction and without proper documentation & without adequate security, mortgage & registration formalities etc. give details, if any.	:-
	viii.	Collection of NPA loan & advances during the period covered under Concurrent Audit.	:-
	viii.	(A) Comment on Top Twenty loan A/Cs.	

ix. Monthly calculation of interest of loan accounts & checking of such interest calculation (as per latest R.B.I guidelines interest has to be calculated on monthly rest basis from 2003-04 accounts and ensure that there is no revenue leakage. :-

x. Verify whether there is any misutilisation of loans & whether there are instances indicative of diversion of funds or not. :-

xi. Whether classification of advances & income booking has been done as per R.B.I guidelines? :-

xii. Verify that Instances of exceeding delegation powers have been promotly reported to controlling/ Head Office by Branch and have been confirmed or ratified at the required level. :-

xiii. Suggestion for legal action in respect of sticky advances & status of cases where legal action has been initiated. :-

xiv. Issue of demand notice to defaulted loanees.

I. No. of demand notice issued during the month.

II. No. of days visited to defaulted loanees by Branch Manager/ Field Officers during the month.

xv. Comments on advance to staff, Directors and their near relatives. :-

xvi. Comment of Agricultural Finance & advances to Cooperative Societies (Not applicable to Urban Cooperative Banks). :-

13 **DEPOSITS**

i. Types :-

ii. Calculation of monthly interest :-

iii. S.L.R & C.R.R violation :-

iv. Extent of development of funds :-

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14 Cent percentage checking of interest paid on deposit above Rs.500/- may be made including calculation of interest on O.D amount :-

15 Check new accounts opened particularly current accounts, operations in new current, S.B accounts may be verified in the initial stage period to see whether there are any unusual operation. :-

a. Details of fictitious/ Benami a/c opened :-

b. Details of abnormal/transactions of suspicious nature in any A/Cs. :-

16 Compliance on KYC & AML norms :-

17 Comment on dual control of Deposit lockers. :-

18 Issue of Cheque Book :-

19 Comment on bills :-

20 Comment on dormant accounts :-

21 Submit particulars of frauds, misappropriation etc., if any, committed during the period covered under audit. :-

22 Accounting errors found during audit whether complied during audit and if vations. Any other serious lacunas/ deficiencies noticed. :-

23 Comment on deposit accounts of staff & Directors. :-

24 **CREDIT MANAGEMENT**

i. Fresh slippage to NPA in the reporting period (above 1 Lakhs)

Name of the party	Account No	Amount	Whether A/C was reported under Special mention Account earlier.

ii. Accounts showing warning signal but not reported under S.M.A

Name of Accounts	Accounts	Amount

	iii.	Missing title deeds	:-
	iv.	Time barred documents (pertaining to the reporting period)	:-
	v.	Any large account (over 10 lakhs) over due for renewal/ revival.	:-
25		Comment on Non-fund business, B.G, L.C, Commission etc.	:-
26		**BALANCE & RECONCILIATION**	
	(A)	Whether all subsidiaries & ledgers balanced at the end of the previous month & all the accounts reconciled with Day Book & ledgers. If not responsibility be fixed with details.	:-
	(B)	Monthly inter branch reconciliation with H.P.	:-
	(C)	Reconciliation of clearing Accounts.	:-
27		Defects observed/noticed during course of audit	:-
	i.	Instant rectification of defects	:-
	ii.	Defects left un-complied	:-
	iii.	Whether any H.M.M has been issued (if the Concurrent Auditor finds that the observations are not complied with any reason he may record & submit the same through H.M.M to concerned B.M/M.D with a copy to the A.G.C.S for rectification)	:-
28		Correctness & timeliness in submission of control returns	:-
29		Comment on observance of policy guidelines, banking norms, circulars of the bank & higher quarters.	:-
30		Compliance to the Audit effects	:-
31		Whenever serious irregularities are observed, these have to be immediately reported to M.D/ AGCS(O)	:-
	i.	Acts of corruption and bribery on the part of branch officials	:-
	ii.	Frauds & misappropriation	:-

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	iii.	Abuse of power to get pecuniary benefits at the expenses of Bank	:-
	iv.	Any other malpractices	:-
32		Comment on correctness of maintenance of Books of Accounts Bank Book, Day Book, G.L & subsidiaries.	:-
33		R.E statement alongwith defect sheet (signed by the B.M, Accountant and Auditor to be attached)	:-
34		The Concurrent Auditor will have to certify that the transactions, (period cover under audit) or decisions are within the policy parameters of the Bank & R.B.I.	:-

Signature of Concurrent Auditor