

DIRECTORATE OF COOPERATIVE AUDIT: ODISHA: BHUBANESWAR.

Letter No.VI (4) 122/2013 1199 /Audit-2 Dated. 22/2/16

To

The Chief Executive/ Secretary of DCCBs in the state.

Sub: Format for statutory audit of DCCBs.

Ref: Memo No.2121 Dt.07.05.2014 of this Directorate.

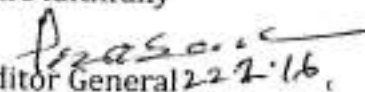
Sir, •

Please refer to the memo under reference on the captioned subject, which is self explanatory. It is observed by 10<sup>th</sup> meeting of SLTF that the C.A Firms, appointed as statutory auditors of different DCCBs are not following the instructions in letter and spirit, for which no uniformity in preparation of audit report is maintained. The statutory auditors have not carried out the instructions issued in the authorisation order for preparation of audit report as per the prescribed format.

It is therefore, requested to adhere to the instructions and ensure that the Audit Report is prepared by the statutory auditor in the prescribed form.

The prescribed format of Statutory Audit Report of DCCB is enclosed for reference.

Yours faithfully

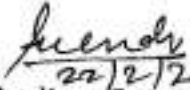
  
Auditor General 22/2/16

Cooperative Societies, Odisha.

Dated. 22/2/16

Memo No. 1200

Copy forwarded to Managing Director, OSCB Ltd; Bhubaneswar for information and necessary action.

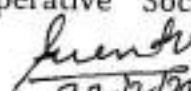
  
22/2/2016  
Deputy Auditor General of

Cooperative Societies, Odisha.

Dated. 22/2/16

Memo No. 1201

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

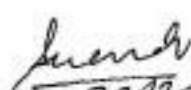
  
22/2/2016  
Deputy Auditor General of

Cooperative Societies, Odisha.

Dated. 22/2/16

Memo No. 1202

Copy forwarded to the D.G.M, NABARD (R.O), Bhubaneswar for information and necessary action.

  
22/2/2016  
Deputy Auditor General of

Cooperative Societies, Odisha.

Memo No. 1203 /

Dated. 22/2/16 /

Copy forwarded to the Deputy Secretary to Government, Cooperation Department, Bhubaneswar for information and necessary action.

*[Signature]*  
22/2/2016

Deputy Auditor General of  
Cooperative Societies, Odisha.

Memo No. 1204 /

Dated. 22/2/16 /

\\ Copy to All Assistant A.G.C.S of Circles for information and necessary action.

*[Signature]*  
22/2/2016

Deputy Auditor General of  
Cooperative Societies, Odisha.

*[Signature]*  
AKS.20.02.2016.

# **FORMAT OF STATUTORY AUDIT REPORT OF DCCB**

## **PART-I**

1. Name & Address of the Bank:
2. Registration No. & Date :
3. Date of functioning of the Bank :
4. Area of Operation with number of Branches :
5. Name of the President & Chief Executive with period of Incumbency :
  - a) During the period covered under audit
  - b) During the period under audit.
6. Branches Name, Area of Operation, Date of Starting, Name of the Branch Managers with their period of working:
7. Name of the Statutory Auditor and days taken for audit. :
8. Name of the previous statutory auditor and days taken for audit. :
9. Interim audit of Head Office & Branches :  
(Name & Designation of auditor with their days devoted for audit)
10. Total Days taken for completion of audit. (Both Interim & Statutory):
11. Verification of cash Balance at the time of commencement of audit :

| H.O./ Branches | Date of verification | Amount verified | Tallied with the balance or not. |
|----------------|----------------------|-----------------|----------------------------------|
|----------------|----------------------|-----------------|----------------------------------|

(Comments on mutilated / defaced currency notes if any in double lock system, retention limit along with auditor's observation.)

12. Verification of postage along with comments of audit. :
13. Verification of Government and other trust securities and observation of audit. :
14. Verification of Shares in Cooperative Institutions and observation of audit :
15. Verification of other Investments, (NSC, caution Money, Debantures, FDs) :
16. Verification of Bills :
17. Details of Reserve Fund investment :
18. Bank Balance: Comments on balance confirmation certificate and bankers ledger balance.
19. Insurance on Cash in Safe, Counter, In transmit, Building, Vehicle etc. with amount of premium paid, policy number and period covered :
20. Payment of premium to DICGC.
21. Byelaws : (Comments on Regd. Byelaws and its up-to-date amendments. Please specify if any provision of the Byelaws is contrary to OCS Act & Rules B.R.Act etc.)

**N.B. :** These information should be furnished first, then the information as per the LFAR prescribed by NABARD as Part-II (Annexure-4). Lastly the audit will sum

up the defects pointed out in course of audit along with suggestions for its remedial measures.

LONG FORM AUDIT REPORT (LFAR) FOR COOPERATIVE BANKS  
(SICBs/DCCBs) - COVERAGE AND CONTENT

I. CAPITAL

- \* Share capital from member societies, individuals and Govt. and share holding of Govt. in the total capital; change of position from the previous year.
- \* System followed for share-linking to borrowings by member societies / borrowers.
- \* Arrears in collection of share capital from affiliated institutions/individuals
- \* Net-worth as percentage to total assets, Capital to Risk weighted Assets Ratio (CRAR) and computation thereof;

II. ASSETS

a. Advances

1. Credit Appraisal

Loan policy, new schemes introduced, System of appraisal of loan/ credit proposals and its adequacy thereof; overextended position, and adequacy of security obtained .

2. Sanctioning / Disbursement

System of receipt and disposal of loan applications, Delegation of powers/authority at various levels; adherence to authorized limits; allowing of drawals during unrenewed period; whether funds are disbursed under sanctioned limits after complying with terms and conditions of sanction, exposure limits to individuals, sectors and exposure to outside cooperative fold, etc. Review of advances including enhancement of limits and renewal of loan facilities, irregularities found in sanctioning and disbursement.

3. Documentation

- \* System of ensuring that documents are executed as per the terms of sanction.
- \* Defects in documentation and suggestions to avoid such defects.
- \* System of documentation in respect of joint/ consortium advances
- \* Renewal of documents/Time-barred documents
- \* Acknowledgement of debts
- \* Custody of documents and system of keeping the same
- \* Maintenance of document register

4. Review/ monitoring / supervision

- Periodic balance confirmation

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- Receipt of regular information, Stock/Book Debt statements, Balance sheet, etc.
  - System of scrutiny of the above information and follow-up by the bank to ensure compliance with credit discipline.
  - System of periodic physical verification or inspection of stocks, equipments and machineries and other securities.
  - Insurance cover for stocks and its adequacy-Timely renewal of policies
  - Inspection reports of bank officials and follow-up thereon.
  - Overall monitoring of advances through maturity/ age/ industry-wise analysis.
  - Computation of DCB as on June every year as per guidelines of NABARD

#### **5. Large Advances**

Comments on (i) adverse features in respect of large advances considered significant and requiring management's attention, (ii) Compliance with exposure norms relating to advances as per the exposure norms stipulated by NABARD/ RBI /provisions of Cooperative Societies Act. (iii). Review of the large advances by the Board of Directors and follow up action taken

#### **6. Foreign Exchange Bills**

Foreign bills negotiated under letters of credit including pre and post-shipment credit, whether the debits and credits are permissible under the rules, whether inward/outward remittances have been properly accounted for, adherence to the guidelines issued by the RBI regarding the above operations, violations of FEMA, if any.

#### **7. Coverage of crop loans under Crop Insurance**

The following need to be examined:

- (i). Whether all the loanee farmers and crops have been covered as per the guidelines of Agricultural Insurance company of India (AICI).
- (ii). Whether premium is remitted to the insurance company in time
- (iii) Amount of claims preferred
- (iii) Amount of claims settled by AICI
  - (a) Of (iii) above those pending adjustment at the bank level
  - (b) How much is adjusted to the loan accounts

#### **8. Imbalances**

No. of PACS with imbalances, imbalance in principal A/c and interest A/c of the DCCB, percentage of imbalances to total loans & advances outstanding. Reasons for the same and likely impact on the bank. Steps taken by the bank to reduce imbalances.

#### B. INVESTMENTS

- \* System of assessing surplus funds, purchase and sale of investments, delegation of powers, reporting systems, etc. Whether investments have been earmarked towards reserve funds?
- \* System relating to Subsidiary General Ledger (SGL) / Bankers Receipts (BRs); control over SGL/BRs outstanding at the year end and their subsequent clearance; reconciliation of the balances of SGL transfer forms as per bank's books should be checked.
- \* Purchase and sale of government securities, etc. should be subjected to audit and the results of their audit also covering delay in collection of interest on investments, profit and loss incurred due to trading government securities –placing related information before the Board of Directors
- \* Audit of the treasury operations should include:
  - \* Adherence to the aggregate upper contract limit of 5% of total transactions (both purchase and sales) for each of the approved brokers entered into by the bank during a year. Whether part of the business is transacted through only one or a few brokers, the extent and modalities. The limit should cover both the business initiated by the bank and the business offered/brought to the bank by broker. Besides, whether the business put through any individual broker or brokers in excess of the limit of 5% of total transactions entered into by the bank during the year with the reasons thereof, covered in the half-yearly review to the Board of Directors.
  - \* Controls over investments, including periodic physical verification / reconciliation of investments with Demat A/Cs, books / records.
  - \* Checking of the periodical collection of interest on investments.
  - \* Valuation methods and changes in mode of valuation of securities compared to previous year; shortfall and provision thereof as per extant guidelines of RBI/NABARD. Whether amortisation of premium is done properly.
  - \* Whether provisions of the /State Cooperative Societies Act / Rules / Bye-laws as also investment policy/guidelines of RBI/NABARD are followed for investment in SLR/Non-SLR investments and other related aspects.

#### C. OTHER ASSETS

Comment on the status of 'other assets' including depreciation policy and their valuation and provision made therefore.

Whether the bank retained non-banking assets beyond the specified/extended period, and reasons there for.

#### D. Non-Fund Business

Policy, procedure, income, service charges covering lockers, safe deposit vaults, Letter of Credit (LCs), Guarantees issued etc, and violations, if any with reference to guidelines issued by NABARD/RBI on the subject.

#### **E. APPLICATION OF PRUDENTIAL NORMS**

Verify the adoption/application of Income Recognition, Assets Classification and Provisioning norms by Cooperative banks as per the guidelines issued by RBI/NABARD from time to time.

The auditors must also issue a certificate to the effect that the implementation the prudential norms is satisfactory or otherwise and, the shortcomings, if any, should be duly listed out.

The auditors are required to specifically comment on the following:

**(i) Income recognition**

- 1 (a) Whether the bank recognized income as per instructions in vogue
- 2 (b) The total amount of income derecognised (cumulative)
- 3 (c) The amount of derecognised income recovered during the year
- 4 (d) The procedure followed by the bank for accounting derecognised income.

**(ii) Asset Classification**

The following may be examined and commented upon.

- Whether the norms for Assets classification in respect of all assets and the provisioning norms have been complied with by the Cooperative banks? If not, the divergence observed in classification and the extent of provisions required.
- Extent of NPAs, amount required to be provided for and the amount actually provided for by the Cooperative banks.
- Movement of NPAs
- Effectiveness of the system for compiling data relating to the impaired advances, system for charging of interest and making provision to unrealized interest taken to P & L a/c, ascertaining the realisable value of securities and the possible realisation from guarantors; assessment of the efficacy of rehabilitation programmes, provisions/ write-offs and appropriateness of authority thereto, recovery procedure, including that relating to suit-filed and decree accounts.
- NPA management strategy of the bank

**1. III. MANAGEMENT APPRAISAL**

- Functioning of Elected Board, Composition, Committees, their oversight, corporate governance, professionalisation of management, regularity in conduct of meetings, issues discussed in the meetings, defaulting Directors, if any, violations of bye-laws by the Directors, disqualification of Directors, etc. In case, Administrator is in-charge of the Bank, comments may be made on the performance of the Administrator.
- Competence of CEO in managing the bank and in implementation of policies in conformity with the guidelines issued by GoI/RBI/NABARD
- Competence of second line management, specific job chart, recruitment policy, training and HRD plans, rotation of staff, accountability, etc

**2. IV. EARNING APPRAISAL**

- Analysis of variations in major items of income and expenditure compared to previous year, with important ratios.
- Losses arising due to mismanagement
- Funds flow statement as on balance sheet date vis-a-vis the previous year
- Effect of any change in the accounting policies on profit/ loss for the year.

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- Carry out test check of application of interest rates on various advances/ borrowings as also on deposits and comment on revenue loss, if any incurred by Cooperative banks due to inappropriate application of prescribed interest rates.
  - Whether overdue interest is taken to P & L A/c and if so, whether corresponding provision is made. Bank must mention the extent of overdue interest out of the interest receivable.
  - Whether the bank has written back excess provision, if any, to P&L account.
  - Whether the bank has made adequate provision for impaired credits and erosion in other assets and liabilities.
  - Whether allocation of net profit is done as per the provisions of B.R act/ State Cooperative Societies Act/bye-laws and whether prior permission was obtained for withdrawal of any amount from reserves.
  - Whether the bank earned operating profit and the extent the operating profit covers provision required to be made
  - Whether the bank earned net profit and if not reasons for the same. Where the net profit, if any is made after making full provision and whether the bank is in a position to contribute to Reserves and declare dividends.
  - Any system for revenue audit to find income leakages
  - Comment on the system of Transfer Price Mechanism

## **V. LIQUIDITY MANAGEMENT**

### **1. Cash**

Examine and comment on the system of monitoring of cash at branches and its management, fixation of retention limits at branches and their compliance/violations, insurance cover and adequacy including for cash-in-transit, system and procedure followed for physical custody of cash, etc.

### **2. Statutory Liquidity Ratio (SLR) /Cash Reserve Ratio (CRR) Requirements - System of Ensuring Compliance**

- System of compiling and monitoring Demand and Time Liability (DTL) position.
- Records maintained for the above purpose
- System of ensuring compliance, penalties paid, if any and review of the position by CEO/Board
- Violations, if any in the maintenance of CRR/SLR, details thereof and reasons for the same

### **3. Repayment of Borrowings**

Comment on 'Maximum Borrowing Power', various types of borrowings availed, high cost borrowings,

if any approving authority for borrowings; Whether the bank had defaulted in repayment in respect of borrowings made, number of occasions, reasons therefore, maintenance of Due Date Register.

#### ***4. Deposits***

- ***Comment on as to whether bank has laid down norms / guidelines for conduct and operation of inoperative accounts and violations, if any; over-drawal, if any and allowing drawals against unrealized cheques; delay in paying matured deposits; obtaining necessary declarations wherever required; comments on adherence to KYC norms.***
- Whether there were any unusual large movements in aggregate deposits held by HO / Branch at the year-end and window-dressing.
- Whether the bank has correctly assessed the deposits for coverage under insurance (DICGCI) and whether premium is worked out correctly and remitted the same timely.
- Comment on composition and the growth of deposits and the extent of low cost deposits; new deposit schemes.
- Opening and operation of FCNR and other non-resident accounts, whether the debits and credits are permissible under the rules, whether inward/outward remittance have been properly accounted for, ensure adherence to the guidelines issued by the RBI regarding the above operations, violations of FEMA, if any. Irregularities if any, in repayment of deposits
- Whether the bank reported the information as per Anti- Money Laundering (AML) guidelines

#### **VI. SYSTEMS AND CONTROLS**

1. Written guidelines / instructions on loans and advances covering appraisal, issue of sanction letters, follow up, etc.
2. Manual on accounting policies; Accounting policies – their conformity with Accounting Standards; time taken to finalise accounts; Any major observations on branch returns and process of their consolidation in final statements of accounts
3. Compliance to disclosure norms
4. **House-keeping**
  - System of monitoring the position of balancing of General Ledger and other books / including reconciliation of control-and subsidiary records, whether the bank or auditor has finalised the accounts.
  - Balancing of drafts payable, DD paid without Advice, Bills payable. Periodical
    - Physical verification of security forms (Cheque Books, FDRs, DD, MT, etc.) and follow up action.
5. **Inter-branch Reconciliation.**
  - Comments on the system / procedure and records maintained.
  - Procedure followed for remittance of funds, TT discounting, etc.

- Test checks for any unusual entries put through inter – branch / Head office accounts.
- Position of outstanding entries; system for locating long outstanding items of high value
- Steps taken or to be taken for bringing the reconciliation up-to-date

## **6. Inter bank accounts Reconciliation**

Balances with other banks (including Apex Bank) – observations – on outstanding items in reconciliation statements. Provision required for long pending unreconciled portion.

## **7. Suspense Accounts, Sundry Deposits, Etc.**

- System for clearance of items debited/ credited to these accounts.
- Test check for any unusual entries under these heads.
- Long pendency in these accounts, reasons therefore; provision required if, any

## **8. Long pending items in balance sheet and their position**

A list of long pending items in balance sheet may be examined and the measures taken by the bank for squaring off the same

## **9. Branch Inspections**

- System of branch inspections: frequency; scope / coverage of inspection; System of internal audit, concurrent audit/ revenue audit and reporting. Arrears, if any in inspections/audit to be mentioned.
- System of follow-up of these reports; position of compliance.
- Supervision and monitoring the functioning of DCCBs (in case of Apex banks)

## **10. Management information system (MIS)**

- The efficacy of MIS maintained by the bank
- Comment on regularity of receipt of internal returns
- Comment on content and regularity of submission of various statutory returns including Off-Site Surveillance System (OSS) returns and other external returns

## **11. Fraud prevention, Monitoring and Control**

- Observations on major frauds, misappropriations, embezzlements, etc discovered during the year under audit covering modus operandi, action taken, recovery efforts, etc.
- Monitoring, review, incidence of thefts, robberies, dacoits. Reporting of frauds to NABARD
- Provision required, if any

- Preventive measures to avoid recurrence of frauds, etc.

## 12. Risk Management Systems

- Comment on risk Profile of the bank viz. Liquidity risk, credit risk, exposure risk, interest rate risk and operational risk faced by bank supported by ratio analysis
- Comment on systems and procedures for identifying, managing and mitigating risks and also default monitoring mechanism

## 13. ASSET LIABILITY MANGEMENT (ALM) SYSTEM

**COMMENT ON THE ALM MECHANISM PUT IN PLACE BY THE BANK.  
COMMENT ON THE FUNCTIONING OF ALCO COMMITTEE.  
COMMENT ON THE GAPS/MISMATCHES, ANALYSIS AND  
GENERATION OF REPORTS.**

## 14. VIGILANCE ARRANGEMENTS

- Implementation of Vigilance guidelines and systems as per guidelines of NABARD-Working of Vigilance Cell
- Irregularities/inadequacies in the vigilance arrangements

### 1. VII. COMPLIANCE

- **Functioning of Audit Committee of Board-** System for taking timely follow-up action on the observations and suggestions made in the inspection reports of NABARD, statutory auditors and those submitted by the Internal Inspection Department, Vigilance Cell and internal auditors; including concurrent auditor, timeliness and effectiveness of timely follow-up action on guidelines, circulars, etc. issued by NABARD/RBI; overseeing and providing direction as also discharge of other duties/ responsibilities of the Committee may be commented upon.
- **Comment on compliance with important provisions of the B.R. Act'1949 (AACS), B.R Act' 1934 and provisions of State Cooperative Societies Act and bye-laws.**
- **Compliance to IT Act and other laws in force**

## VIII. AUDIT OF COMPUTERISED OPERATIONS

All co-operative banks having fully/partially-computerised operations should ensure to comply with the following norms and auditors may comment on the same.

- o Availability of competent personnel, segregation of duties of programmer and persons operating the system, existence of physical, logical and procedural access to system; standards for quality assurance and periodically testing and checking them; formal declaration of system development methodology
- o Programming and documentation standards to be followed by the bank, in the absence of which quality of system maintenance/improvement might suffer, contingency plans/procedures in case of failure of system/Disaster

(1)

management system, Manual of instructions for their inspectors/auditors and its periodical updation.

- If services of outside computer agencies are engaged whether "clause of visitorial rights" in the contract, has been incorporated so as to have the right to inspect the process of application and also ensure the security of the data/inputs is ensured while entrusted to such outside agencies.
- Auditors may also comment on (wherever applicable) automation and computerization process and policy for the same. Progress made during the year under review, critical area of operations not covered by automation, number of branches covered by computerisation and extent of computerisation, volume of business computerized, suggestion if any.
- Arrangements for system/IT audit
- Issues connected with maintenance of ATMs-Cash replenishment, security and monitoring etc.
- Comment on working of various technology driven products and services e.g Smart cards, credit cards, if any

#### **IX. PREPARATION/IMPLEMENTATION OF DAP & MOU EXECUTED AND REVIVAL PACKAGE, etc**

- Performance under the Development Action Plan and MoU executed, system of monitoring the achievements, etc.
- Implementation of Revival Package-utilisation of amounts received under the GOI package and adherence to various guidelines issued by NABARD in this regard
- Verify implementation of schemes like Interest Subvention, Debt Waiver & Relief etc., and whether benefits have been extended to borrowers
- Any other matter/adverse developments in the functioning of the banks, which, the auditor considers significant, should be brought to the notice of management.

## PART-III

### STATEMENTS REQUIRED FOR FINAL AUDIT

#### FINANCIAL STATEMENT

1. Trial Balance
2. Profit & Loss Account
3. Balance Sheet

#### OTHER STATEMENTS

1. Statement of Borrowings & Repayments.
2. Statement showing scheme wise investment.
3. Rate of interest on borrowing, lending and deposit.
4. Statement of Cash/ Postage/ Bills and Saleable balance.
5. Demand Collection and Balance of Principal and Interest.
6. Particulars of securities showing the market value of Government & Trust Security.
7. (a) Statement on NPAs classification of Assets ( Loan account wise & Branch wise).  
(b) Provisioning statement.  
(c)List of Bad/Loss Assets.
8. Statement on position of depreciation on Assets.
9. Statement showing loan wise investment, recoveries and balance.
10. Period wise classification of overdue loan.
11. Period wise classification of overdue cash credit.
12. Non-overdue coverage statement on SAO.
13. Statement on maintenance of liquidity. (CRR/ SLR)
14. Reconciliation statement of Bank Account.
15. Statement on defaulted and indebted societies.
16. Statement on category of outstanding advances and list of unrealised advances pending for more than 3 years
17. Detail List of Suspense A/c.
18. Statement on Government assistance, share, working capital loan and any kind of loan/ assistance.
19. Statement on expenditure incurred on vehicle.
20. Earmarking of investment towards reserves.
21. ST (SAO) loans and advances sanctioned and drawals.
22. Branch wise DCB on Cadre Fund.

#### Appendix

1. Particular about Branches.

2. Audit Personnel and Time Taken.
3. Sanction and position of Staff strength of the Bank.
4. List of Members with share held.
5. Staff position of Cadre Secretaries.
6. Position of Dispute & E.P.
7. List of Registers and Books of Accounts maintained.
8. List of Sundry Debtors.
9. List of Sundry Creditors.
10. List of Outstanding charges payable.
11. Imbalance position.
12. Branch wise loan verification.
13. List of O.T.S.
14. List of Top Twenty Defaulters.
15. Statement showing Deposit position. (Comparative for 3 consecutive years. Specify Low Cost & High Cost)
16. Verification of Cash & Postage Stamp.
17. Verification of Share Certificate.
18. Verification of other Investment.
19. Branch wise cash retention limit.
20. Un-reconciled account recoverable.
21. Profit & Loss A/c of Branches.
22. Audit Recoveries of H.O. & Branches.
23. Details of Suspense recoverable A/c.
24. Capital fund, Risk Weighted Assets, & calculation of CRAR.
25. Details of Loss Assets.
26. Stock Verification Report.
27. Annual budget vis a vis expenditure incurred alongwith comments of Auditor..
28. Profit Distribution Statement.
29. MIS.
30. Audit classification. ( As prescribed by NABARD / RBI)
31. Statement on Interest Subvention claim.
32. Statement of balance in Branch Adjustment Account.
33. Details of Surcharge cases and E.P. there on.
34. Outstanding paras of audit defects.
35. Calculation sheet of levy of Audit fees.

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

| Sl. No | Particulars                                                                                                                                                               |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Own Fund.                                                                                                                                                                 |
| 2      | Real exchange value of Capital.                                                                                                                                           |
| 3      | Erosion if any.                                                                                                                                                           |
| 4      | Number of defaulting societies. (Information should be furnished : Number of defaulted PACS/WCS/ECS & Other Societies out of total number of societies in that category.) |
| 5      | a). CRAR b). Risk Weighted Asset                                                                                                                                          |
| 6      | Excess Cash balance more than 7 days if any.                                                                                                                              |
| 7      | Whether bank accounts are reconciled periodically or not with difference.                                                                                                 |
| 8      | Deposits with utility service provision.                                                                                                                                  |
| 9      | Comments on SBD A/C in Post Office & Other Institutions , dormant or active.                                                                                              |
| 10     | Whether non SLR investments are evaluated periodically/maintenance of CRR & SLR.                                                                                          |
| 11     | Comments on investment policy.                                                                                                                                            |
| 12     | Whether all the investments are evaluated periodically or not.                                                                                                            |
| 13     | Defaults in NODC.                                                                                                                                                         |
| 14     | Whether CMA review made quarterly or not.                                                                                                                                 |
| 15     | Comments on non coverage of notified crops under NAIC & Insurance policy as a whole.                                                                                      |
| 16     | Calculation of interest subvention and records maintained thereof.                                                                                                        |
| 17     | Maintenance of loan application register & other irregularities in sanction of loan.                                                                                      |
| 18     | Credit appraisal of loan application.                                                                                                                                     |
| 19     | Issue of sanction order of loan.                                                                                                                                          |
| 20     | Whether fair practice code has been displayed or not.                                                                                                                     |
| 21     | Maintenance of documentation register & safe keeping of documents.                                                                                                        |
| 22     | Whether documents are properly filled up or not.                                                                                                                          |
| 23     | Operation of CC loan without renewal.                                                                                                                                     |
| 24     | Insurance of Assets in case of hypothecation loans.                                                                                                                       |
| 25     | Post sanction monitoring visit.                                                                                                                                           |
| 26     | Maintenance of land register.                                                                                                                                             |
| 27     | Whether periodical stock statement have been obtained or not in case of hypothecated loans.                                                                               |
| 28     | Whether sanction of loans are within the exposure limit or not/over drawal if any.                                                                                        |
| 29     | Is there any loan outstanding beyond the maturity date of FD, NSC & Others in case of Loan Against Deposit.                                                               |
| 30     | Is there any system for intimating the depositors after maturity of their deposit.                                                                                        |
| 31     | Amount of Gold Loan outstanding since long and action taken by bank.                                                                                                      |
| 32     | Number of indebted societies under liquidation and amount outstanding.                                                                                                    |
| 33     | Whether DCB Register is properly maintained or not.                                                                                                                       |
| 34     | Number of dispute and EP cases pending since long for disposal and amount involved.                                                                                       |
| 35     | Balancing of Accounts/Inoperative Accounts.                                                                                                                               |
| 36     | Reconciliation of Accounts. (Specify the account not balanced and the account remained unreconciled.)                                                                     |
| 37     | Income leakage.                                                                                                                                                           |
| 38     | Interest paid & payable.                                                                                                                                                  |
| 39     | Interest received & receivable.                                                                                                                                           |
| 40     | Sundry Debtor & Sundry Creditor.                                                                                                                                          |
| 41     | Reason of loss with list of loss Assets.                                                                                                                                  |
| 42     | Imbalance ( Amount & Number) with names of C.S.                                                                                                                           |
| 43     | Whether Interest has been charged on agricultural loan monthly or not.                                                                                                    |
| 44     | Whether separate head of Account has been maintained for computer and computer                                                                                            |

| Sl. No | Particulars                                                                                                                           |
|--------|---------------------------------------------------------------------------------------------------------------------------------------|
|        | peripherals or not.                                                                                                                   |
| 45     | Whether Dead Stock verification has been made or not.                                                                                 |
| 46     | Whether Dead Stock register is maintained indicating the name of the article, date of purchase and its value.                         |
| 47     | Violation of KYC, AML & CFT principles if any.                                                                                        |
| 48     | Maintenance of Complaint register.                                                                                                    |
| 49     | Outstanding amount for more than 3 years in case of Suspense Recoverable & Branch Adjustment A/C.                                     |
| 50     | Payment of premium to DICGC in time or not.                                                                                           |
| 51     | Mini Bank deposit with DCCB. Whether it is more than 92.50 % of the Deposits tapped by Mini Bank.                                     |
| 52     | Monthly review of Sundry Creditor and Sundry Debtor.                                                                                  |
| 53     | Submission of controlled returns .                                                                                                    |
| 54     | Violation of BR Act, RBI Act, OCS Act & Rules and Other Laws.                                                                         |
| 55     | Board members from defaulted societies and non borrowing societies.                                                                   |
| 56     | Absence from Board Meeting for more than 3 consecutive times by the Directors.                                                        |
| 57     | Periodic Branch inspection/society visit .                                                                                            |
| 58     | Is there any due date diary for redemption of investments.                                                                            |
| 59     | Whether monthly Trial Balance is prepared or not.                                                                                     |
| 60     | Whether NDT is correctly assessed or not.                                                                                             |
| 61     | Frauds if any.                                                                                                                        |
| 62     | Appointment of staff if any along with its mode of appointment and salary structure. Is there any irregularities.                     |
| 63     | Disciplinary action taken against the employees of the Bank and procedural irregularity in disposal of the same & its present status. |
| 64     | Observations of auditors on software adopted by Bank. Specify if it is performing properly so as to cater to the actual need.         |
| 65     | Comment on NPA.                                                                                                                       |
| 66     | Third party Cheques/ Bills/Drafts-violation of guideline of RBI (No-18/07.38.23/2009-10/6.9.2009)                                     |
| 67     | Comment on off Balance Sheet items if any.                                                                                            |
| 68     | Comment on KCC.                                                                                                                       |
| 69     | MIS.                                                                                                                                  |
| 70     | Inspection.                                                                                                                           |
| 71     | Staff Deposits.                                                                                                                       |
| 72     | Internal control.                                                                                                                     |
| 73     | Do's or Don'ts for Directors.                                                                                                         |
| 74     | Staff Advances.                                                                                                                       |
| 75     | Financial Analysis                                                                                                                    |
| a      | Working Capital/ Working Fund                                                                                                         |
| b      | Net Worth                                                                                                                             |
| c      | Cost of Management/ Cost of Establishment                                                                                             |
| d      | Real Income                                                                                                                           |
| e      | Owned Capital/ Borrowed Capital                                                                                                       |
| f      | Credit Deposit Ratio                                                                                                                  |
| g      | Other important business ratio                                                                                                        |