



Compliance tests and substantive tests in bank branch audit in CBS Environment

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THOSE VIEWS ARE PERSONAL VIEWS & NOT THE VIEWS OF ICAI.

*Legal aspects: Observance of
Standard on Auditing. Sec 143(9)*

SA- IDENTIFYING AND ASSESSING THE RISK OF MATERIAL
MISSTATEMENT THROUGH UNDERSTANDING OF ENTITY AND
ENVIRONMENT

Auditing With Computer...

Auditing Around Computer

Guiding Principles of LFAR:

VERIFICATION OF DATA INTEGRITY AND DATA RELATED CONTROL SYSTEMS AND PROCESSES SHOULD BE CARRIED OUT & BE COMMENTED UPON WITH THE SPECIAL THRUST ON DATA INPUTS

Major shift in Approach: Auditing Around the Computer...

BOOKS AND RECORDS;

1. Whether there are any Software/Systems [Manual/otherwise] used at branches and which are not integrated with CBS: If Yes.. Give details...
2. Whether the Bank has laid down procedures for manual intervention to System generated data and whether there is proper authentication mechanism in place
3. In case branch is subjected to IS Audit are there any adverse features reported which have a direct or indirect bearing on branch accounts ...
4. Whether Branch is generating EXCEPTIONAL transactions report.. Detailed comments
5. FURNISH YOUR COMMENTS ON **DATA INTEGRITY** including Data Entry, its authorization,

GARBAGE IN... GARBAGE OUT

If **INPUTS** is wrong....

Then..

OUTPUT has to be wrong...

Documentation no doubt Important..

But Necessary to check how the contents have gone into System..

One example....

TYPICAL PARAMETRES for a Working capital Facility Account

Name of borrower

Constitution

Address

PAN

GST

Customer ID:

MOST IMPORTANT SUBJECT MATTER OF AUDIT

Working Capital limit

Out of above Fund Based limit

Non Fund limit

Paramatres continued..

Whether Inter se change allowed	: Y/N
Margin on PAID Stock	: XX %
Margin on Book debts	: YY %
Stock statement frequency	: Days
Grace days after which DP to become Nil	: Days
DP Mode	: Derived/ Enabled
Credit rating	: RATING..
Whether the Interest rate linked to above	: Y/N
Next Review Date	: DD/MM/YYYY
Security code	: CODE
Sector code	: CODE

EXCEPTIONAL TRANSACTIONS REPORT

Debits to Income Account

Limit expired

Insurance expired

Balance exceeds Security value

Change of Master data

Dormant account activated

KYC Renewal due

Some typical substantive tests:

COVID 19 PACKAGE:

- FUNDED INTEREST TERM LOAN- FITL
- EX GRATIA
- REARRANGEMENT OF REPAYMENT SCHEDULES /MORATORIUM.....

Account needing special Scrutiny

OFFICE ACCOUNT

SUNDRY ADVANCES

SUNDRY DEPOSITS

PARKED ACCOUNTS

SUSPENSE ACCOUNTS

PAYMENT OIN BEHALF OF OTHER BRANCHES

CLEARING SUSPENSE

INTERFACE between modules

FAMS

BANK GUARANTEE MODULE

Check the level of Interconnectivity with CBS .

OTHER TOOLS /UTILITY not having Interface with CBS:

Ex Gratia

Interest Subvention

Locker rent recovery/dues follow up

SOME USEFUL Keys at your Finger Tip [FINACLE]

ACLI	: Account ledger Enquiry
Control E	: Can view the second effect of the transaction
Control D	: Page down
F3	: Back to Original
ACM	: ACCOUNT MASTER MAINTENANCE
ACLHM	: Account Limit History Maintenance
LTL	: Limit Tree Look out [Utilisation of Limits]
ATOR	: ACCOUNT TURNOVER REPORT

Continued..

AINTRPT	: Interest report for a Particular account
SRM	: Security Register Maintenance
ALM	: Account Lien Maintenance
GI	: Guarantee Inquiry [F/ P]
ACINT	: Interest calculation
ACTODM	: TOD Maintenance.. Cheque the frequency of TOD
ACLPOA	: Office account Printing
BCREPORT	: Bankers cheques issued and o/st
EXCRPT	: EXCEPTIONAL TRANSACTIONS REPORT

TAKE AWAY..

TECHNOLOGY IS AN ENABLER..

Make best use of it...

Though Auditing with Computer may not be feasible ...

AUDITING AROUND THE COMPUTER IS VERY much the need of the Hour...

Any Questions????

Big thank you....

For sparing Your Precious Week end
afternoon....

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