

**BANK AUDIT UNDER**



**CBS ENVIRONMENT**

CA BIMAN DUTTA

# Evolution of Banking Industry

Understanding the transition from Manual  
Accounting to sophisticated banking software.

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01

Large-scale **Automation** of accounting for transactions and core banking operations.

02

Development of sophisticated **Banking software** to streamline complex online process.

03

Shift in audit methodology to keep pace with **Business evolution** and technological advances.

# Current Banking Scenarios & Trends

Modern banks focus on customer relationships and multi-channel delivery.

## Risk Management

Heightened focus on MIS and reducing transaction costs through technology.

## Delivery Channels

Multiplicity of channels including ATMs, Mobile, and Internet Banking.

## SOA Focus

Emphasis on Service Oriented Architecture (SOA) for better customer relationship management.

# Future Banking Industry Outlook

Expectations are rising alongside competition and technological integration.



## Rising Expectations

Customers demand more informed, aware, and diverse product offerings.



## Healthy Competition

New banking licenses lead to a greater variety of products in the market.



## IT as Integrator

Information Technology acts as the enabler between industry demands and services.

# Customers' Expectations

01

Anywhere, Anytime banking

02

Diverse products and facilities





# About CBS

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Core Banking Solution (CBS) is a centralized banking software that manages services provided by a bank through its branches.

CBS works on a concept of Centralized Database and Processing — transactions at various locations are recorded and processed at a centralized server on a real-time basis. Each branch/back-office is termed a SOL (Service Outlet), functioning as a service window.

# WHAT IS CORE BANKING SYSTEM?

CBS- The Backbone of Modern Banking

## Centralized DB

All transactions processed at a central server. Real-time updates eliminate out-of-date information across all branches.

## Service Outlets (SOL)

Each branch, back office and admin office is a Service Outlet. SOL IDs uniquely identify every transaction origin.

## Any-where Banking

Customers transact from any branch, ATM, internet or phone. Bank becomes the customer's bank — not just a branch's.

Built on Service-Oriented Architecture (SOA) — Enables anywhere, anytime, any-channel banking

CBS Concept

# Core Banking System (CBS) Defined

A centralized database and processing model for real-time banking.

# 24 x 7

Real-time access across branches, ATMs, and online platforms.

# 100%

Centralized transaction processing eliminates out-of-date information.

# LEADING CBS – CORE BANKING SOFTWARE

SOFTWARE

PROVIDER

USED IN BANKS

FINACLE

Infosys

- Bank of Baroda
- Bank of India
- Punjab National Bank
- Indian Overseas Bank
- UCO Bank
- Union Bank of India

FLEXCUBE

Oracle Financial Services

- Canara Bank
- Bandhan Bank

TCS BaNCS

Tata Consultancy Services  
(TCS)

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

# KEY CBS CONCEPTS FOR AUDITORS

Master-driven processing — errors at master level have magnified downstream effects

## SOL ID / SET ID

SOL ID = Account's home branch. SET ID (Init. Br. ID) = Branch that initiated transaction. Critical for cross-branch transaction tracing.

## TRAN ID + Date

Each transaction gets a unique Tran ID — reset daily. The combo of Tran ID + Date is globally unique. Use TI/TM menu to locate.

## CUST ID / CIF

One unique customer ID maps to multiple accounts (Parent-Child). Drives TDS aggregation, IRAC classification, KYC compliance.

## Maker-Checker

Every CBS transaction requires Maker (entry) + Checker (verify/post). Posting updates the General Ledger. Rights are user-ID driven.

## Pointing Accounts

Self-reconciling office accounts require every credit/debit to be 'pointed' to an originating entry. Prevents ghost entries.

## Interest Flags

Interest Collection Flag 'N' = no interest charged despite correct Interest Table. Auditors must verify flag accuracy at account master level.

## Freeze Flags

D=Debit Freeze, C=Credit Freeze, T=Total Freeze. Applied at CIF or account level. Court orders, revenue notices trigger freezes.

## Exception Types

Warning (informs) → Exception (override allowed, logged) → Error (blocks processing). Exception reports are key audit evidence.

# Key Benefits of CBS

Eliminates out-of-date information through real-time database updation

Enables anywhere, anytime banking for customers

Enhances quality of reporting and strengthens Access Control

Reduces risk from manual data entry errors

Provides effective MIS on real-time basis



# CBS RISK AREAS & CONTROL WEAKNESSES

## I. RELATED PARTY TRANSACTIONS

- Weak maker-checker controls elevate credit & fraud risk
- Use spreadsheet: Sort / Filter / SUMIF / VLOOKUP / Pivot for analysis
- Verify stock statements for credit risk assessment
- SA 230, SA 240, SA 315, SA 300, SA 520 compliance documentation

▶ Obtain related party list; run analytical procedures; document exception findings.

## II. FINANCIAL STATEMENT / STOCK STMT MANIPULATION

- DP calculated on manual returns — no application control on quality
- No independent system to assess stock statement quality
- Validation controls for DP limits are weak
- CMA data entered manually into spreadsheet — weak application controls

▶ Test DP calculations against stock statements; verify CMA data independently; check DP vs max sanctioned limit logic in CBS.

## III. INCORRECT IRAC CLASSIFICATION

- Key fields updated manually at branch: Loan Date, Period, Rate, Moratorium, Nature, Priority Sector
- Doubtful/loss assets classification often NOT system-driven — manual at branch
- Restructuring & DCCO monitoring subject to manual intervention
- Common security uploaded at multiple loan accounts → overstated security → lower provisioning

▶ Review NPA system configuration; obtain exception list; cross-check security values for consortium/multiple facility accounts.

## IV. e-BANKING & COMPLIANCE RISKS (¶5.17–5.19)

- Credit Risk: Identity verification for online loans; collateral perfection over wide geography
- Compliance Risk: Legal jurisdiction uncertainty; evolving e-banking regulations
- Reputational Risk: Cyber-crime, malware, social engineering bypassing traditional controls
- Speed of error replication — consistency between paper and electronic disclosures

▶ Review bank's cyber security framework (RBI Circular RBI/2015-16/418). Verify BCP and DRP existence and testing.

# RESPONSIBILITIES IN A CBS ENVIRONMENT

Who does what in a fully computerised branch audit

## BRANCH AUDITOR — CHALLENGES

- No access to overall IT policy & central controls
- Accounting logic buried inside CBS — not visible
- Limited access to MIS, exception & NPA reports
- Difficulty in audit sampling from huge data population
- Staff ignorance about IT infrastructure at branch
- Hard copies of transactions are scarce
- Independent verification of BCP & DRP is difficult
- Access to primary / entry-level transaction records

## BANK'S OBLIGATIONS TO AUDITOR

- Share IT environment details & recent changes
- Disclose automated IRACP / NPA classification process
- Provide data integrity, security & BCP documentation
- Share critical accounting entries & month-end processes
- Give access to audit logs / trails for master data changes
- Disclose manual interventions with multi-level auth details
- Share list of exceptions to system-driven classification
- Provide MIS report periodicity & exception report logic

# AUTOMATION OF IRAC — RBI DIRECTIONS 2025

RBI/DOR/2025-26/164 DOR.STR.REC.83./21.04.048/2025-26 dated November 28, 2025

📄 Reserve Bank of India (Commercial Banks Income Recognition, Asset Classification and Provisioning) Directions, 2025

## ALL BORROWAL ACCOUNTS

Every borrowal account — including temporary overdrafts, irrespective of size, sector or limit type — **MUST** be covered under automated IT-based system. No manual carve-outs permitted.

Auditor action: Compile product list from Advances Report and verify all products are covered.

## RULE-BASED CLASSIFICATION

Asset classification rules must be configured in CBS as per regulatory norms. Downgrade AND upgrade must happen via Straight Through Process (STP) — **NO** manual intervention.

Auditor action: Review CBS configuration; confirm STP handles both downgrade & upgrade.

## SYSTEM-BASED PROVISIONING

Provisioning calculation must be system-driven using pre-set rules for asset categories, security values. Income de-recognition on NPA must be automated.

Auditor action: Obtain provisioning MIS from CBS/integrated system; verify integration if external system used.

## EXCEPTION HANDLING

Manual overrides must be **MINIMUM & TEMPORARY**. Requires at least **TWO-LEVEL** authorisation per Board-approved policy. Logs must be maintained for **3 YEARS** — tamper-proof & system-generated.

Auditor action: Obtain exception log; verify dual auth, timestamps, reason codes.

# BASELINE SYSTEM REQUIREMENTS FOR NPA CLASSIFICATION

RBI/DOR/2025-26/164 — What the CBS / NPA system MUST have

**40.1**

## Data Input & Validation

All data input must be fully captured without truncation. Validation checks must exist for data type, min/max values, moratorium periods, margin settings, security valuation, repayment schedule.  
→ Auditor: Test-check validation controls; review list of manual interventions in master fields.

**40.2**

## User Access Management

No generic user-IDs without employee mapping. Two-factor (or higher) authentication required. Maker-Checker mandatory for ALL transactions affecting credit portfolio — including admin activities like user-ID creation, role changes, master updates.  
→ Auditor: Verify UAM policy; check for generic IDs; confirm 2FA.

**40.3**

## Straight Through Processing

STP must integrate all facilities of a customer across multiple systems. NPA/NPI status must flow back to CBS automatically — no manual intervention.  
→ Auditor: Review integration documentation; test STP handshake between CBS and sub-systems.

**40.4**

## Back-End Data Access Restriction

Changes to data / parameters must be made ONLY through front-end after authorisation — NOT through backend database. Exceptions require appropriate approval, documentation and MIS report.  
→ Auditor: Obtain list of backend access / changes made during year.

**40.5**

## Audit Logs

Logs must capture: all transactions (financial & non-financial), master data changes, admin-privilege activities. Stored in encrypted format with access controls for minimum 3 years.  
→ Auditor: Test-check availability and integrity of audit logs for master data changes.

**40.6**

## System-Generated NPA MIS Report

A separate MIS report must capture ALL parameters for NPA/NPI identification. Must include parameters configured in DB / application.  
→ Auditor: Obtain and review the MIS report; verify completeness of parameters.

Technical Identifiers

# Core Technical Identifiers in CBS

Identifying branches, transactions, and customer master levels.



Branch Identifiers



Transaction Data



Customer Master

# Customer Master Level Control

The advantages of CUST ID and CIF No. in reducing data redundancy.



## Unique ID (UCIC)

Compliance with RBI guidelines for Unique Customer Identification Code.



## Data Redundancy

Eliminates repetitive updates by centralizing customer details.



## Regulatory Compliance

Easier TDS computation and IRAC guideline adherence via CUST ID.

Audit Risks

# Risks in Customer ID Management

Common discrepancies auditors should verify at the master level.

01

**Multiple CUST IDs:** Defeats the purpose of unique identification (UCIC).

02

**Name Mismatches:** Differences between Customer Master and Account level names.

03

**Migration Issues:** Post-migration errors where old data wasn't merged into new IDs.

Account Controls

# Account Level Configurations

Parameters driving automated transaction processing and revenue.



Interest Parameters



Security & Schemes

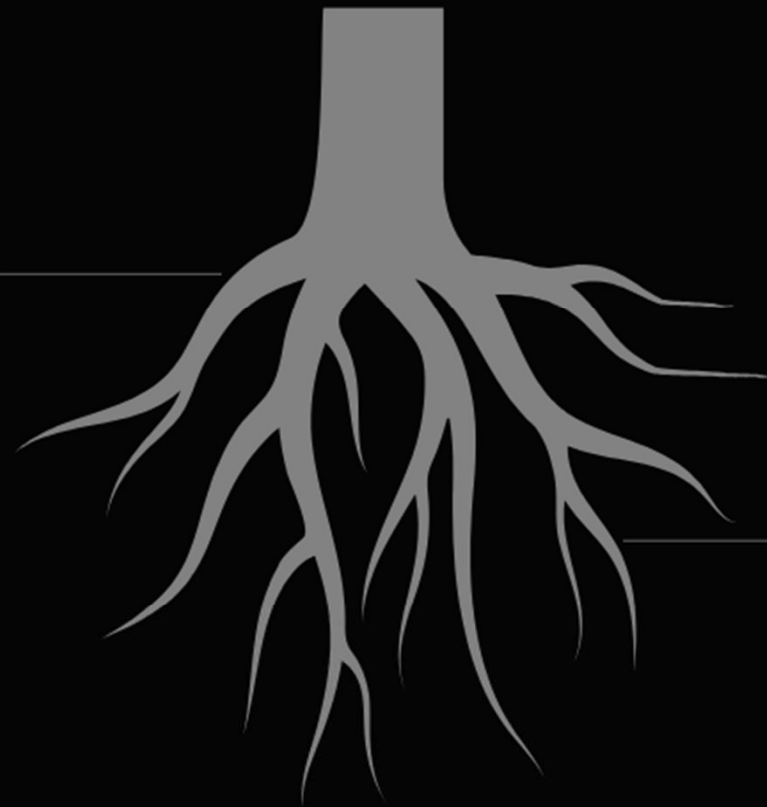


IRAC Classification

# Limit Nodes and Drawing Power

Managing complex group exposures and security-linked limits.

**Limit Nodes**  
Used to group accounts under one node for consolidated monitoring.



## Parent-Child Limits

Distributing overall group limits to individual member accounts or clients.

# Temporary Overdraft (TOD) Modes

Differentiating Single, Running, and Adhoc TOD for audit purposes.

TOD Mode	Description	Audit Implication
Single (S)	Specific for one transaction.	Limited duration and use-case.
Running (R)	Parallel limit at account level for a period.	Counts toward total TOD frequency.
Adhoc (A)	Temporary operation within higher limits.	Can circumvent system exception controls.

# Audit Checklist: NPA Identification

01

**Repayment Details:**  
Verify if EMI and installments match sanctioned terms.

02

**Asset Classification:**  
Scrutinize differences between System and User-defined classes.

03

**Manipulation in DP:**  
Cross-check SL/DP changes with sanction letters and history.

04

**Moratorium Periods:**  
Ensure future installment start dates aren't erroneously updated.

How incorrect master data impacts automatic identification of bad loans.

## Originating Transaction

Initial entry parked in a suspense or sundry office account.

## Pointing Process

User 'points' a reversal entry to the specific originating transaction.

# Self-Reconciling Office Accounts

Facilitating automatic reconciliation for suspense and sundry accounts.

## Auto-Reconciliation

System automatically updates the outstanding transaction-wise balance.

# Office Account Transaction Audit

Monitoring parking accounts for fraud and long-outstanding entries.



Finacle Intro

# Deep Dive: Finacle Functionalities

A robust financial package developed by Infosys on an Oracle platform.



Core Features



Functional Modules

User Experience

# Navigating the Finacle User Interface

Mastering menus, favorites, and action bars for efficient operations.



**Menu Block:** Houses all menu and sub-menu options available to the user.



**Action Bar:** Execute operations using buttons or assigned Hot-Keys.



**Progress Indicator:** Visual colors (Green/Red/Yellow) showing system status.

# Essential Key Mapping in Finacle

Standard physical keys and their functions in the banking environment.

Key	Function
F1	Context-sensitive and field-level help messages.
F4	Accept input data after completion.
F10	Commit/Save: Concludes transactions into the database.
F3 / ESC	Quit or Back to the previous menu.

# FINACLE MENU CODES

Accounts, Customer Master & Transactions

MENU CODE	FUNCTION	TYPE
CUMM / CUMI	Customer Master Maintenance / Inquiry	Inquiry
ACM / ACI	Account Master Maintenance / Inquiry	Inquiry
ACLI	Account Ledger Inquiry	Inquiry
ACCBAL	Component of Account Balance	Inquiry
ACS	Account Criterion Search	Search
CUS	Customer Selection / Inquiry	Search
AFI	Audit File Inquiry	Inquiry
TM / TI	Transaction Maintenance / Inquiry	Inquiry
FTI	Financial Transaction Inquiry	Search
FTR	Financial Transaction Inquiry Report	Report
ACINT	Interest Run for Accounts	Report
INTTM	Interest Table Master Maintenance	Inquiry

TCS BaNCS

# Introduction to TCS BaNCS

An integrated solution automating core operations across languages and currencies.



Comprehensive range of **banking and lending** products (Savings, OD, Deposits).



Full integration of **front, middle, and back-office** processes.



Accurate, **real-time information** about customer relations and 'Anytime' banking.

# BaNCS KEY CODES

Access paths and menu codes for auditors

## TCS BaNCS

<b>CIF Search</b>	Cust Mgmt → Enquiries → Search by CIF
<b>ID Search</b>	Cust Mgmt → Enquiries → Search by ID
<b>Name Search</b>	Cust Mgmt → Enquiries → Search by Name
<b>Linked Accounts</b>	Cust Mgmt → Relationship → Associated
<b>Transaction Inquiry</b>	Deposits → Enquiries → Transaction
<b>BGL Transaction</b>	Branch Accounting (BGL) → Enquire
<b>Outstanding BGL</b>	'Audit BGL accounts age wise break up'
<b>NPA Enquiry</b>	Common Processing → Overdue/NPA
<b>Interest History</b>	Deposits → Interest Rate History
<b>TOD Report</b>	Deposits → Interest Rate History → Limit

Balance Inquiry	Balance Inquiry
<b>Alt + B</b>	Balance Inquiry
<b>Alt + c</b>	Customer Name & Address Inquiry
<b>Alt + A</b>	Account Details
<b>Alt + S</b>	Amount Based Account Image Display
<b>Alt + P</b>	Print the receipt of transaction
<b>F8</b>	Return to same Screen

# Checks & CBS Commands for Finacle and BaNCS

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Finacle

BaNCS

## DISCREPANCIES IN SETTING UP THE EMI / INSTALLMENTS

### PARAMETER

#### Discrepancies in Setting Up the EMI / Installments

### CHECKS

- Whether EMI / installment is correctly setup.
- Whether EMI / installment amount is matching with the Sanctioned Terms.
- Whether periodicity of Installment is correctly classified as per Sanctioned Terms?

### FINACLE

- ACI → Option "E" Repayment details

### BANCS

- DL/TL Accounts & Services → Enquiries → Account
- Deposit / CC / OD Accounts & Services → Enquiries → Deposit / CC / OD Account (Short & Long Inquiry options available)

## MULTIPLE SETS OF EMI / INSTALLMENTS

### PARAMETER

### CHECKS

### FINACLE

### BANCS

#### Multiple Sets of EMI / Installments

- For case of Multiple sets of EMI (e.g., 1-5 years EMI of Rs. 7,000 and after 5 years Rs. 7,500).
- Whether sets of EMI are properly entered?
- Is there any substantial difference between 1st set of EMI and 2nd or other sets (e.g. 1st set Rs. 5,000 and 2nd Rs. 1,00,000) which cast doubt on debt serviceability?

- ACI → Option "E" Repayment details

- DL/TL Accounts & Services → Enquiries → Account
- Deposit / CC / OD Accounts & Services → Enquiries → Account (Short & Long Inquiry options)

## SYSTEM DETERMINED ASSET CLASSIFICATION VS. USER DEFINED ASSET CLASSIFICATION

PARAMETER	CHECKS	FINACLE	BANCS
<p><b>System Determined Asset Classification vs. User Defined Asset Classification</b></p>	<ul style="list-style-type: none"> <li>• CBS contains two sets of parameters — at first instance CBS identifies the account based on set parameters under Asset Classification types.</li> <li>• User is generally given the option to differ and select/amend the classification. Detailed scrutiny of NPA system is required.</li> <li>• Due to errors in certain Master Data, there can be erroneous identification of account as NPA. Such accounts require detailed scrutiny.</li> </ul>	<ul style="list-style-type: none"> <li>• ACM / ACI Option 'Y' Asset Classification Inquiry</li> <li>• A report containing accounts wherein there is difference between Asset Classification by System and by user should be requested for.</li> </ul>	<ul style="list-style-type: none"> <li>• (Refer Finacle report guidance; tailormade report to be sought)</li> </ul>

# MANIPULATION IN SL / DP

## PARAMETER

**Manipulation in SL / DP**

## CHECKS

- Changes in SL / DP should be cross checked with Sanctioned Letter.
- Whether any change in Limit is supported by necessary documentation?

## FINACLE

- ACLHM — Account Limit History Maintenance

## BANCS

- Tailormade report on Changes in Account Limits

## INCORRECT MORATORIUM PERIOD

### PARAMETER

**Incorrect Moratorium Period**

### CHECKS

- Based on moratorium period CBS will identify the Loan Installment and will track repayment.
- In case the moratorium period / installment start date is erroneously updated, system will not show correct result.

### FINACLE

- ACI — Option "E" — Repayment Details

### BANCS

- Account Master details (Long Inquiry)

# RE-PHASEMENT WITHOUT REPORTING IT AS RESCHEDULE

PARAMETER	CHECKS	FINACLE	BANCS
<p><b>Re-phasing Without Reporting it as Reschedule</b></p>	<ul style="list-style-type: none"><li>• Loan Account Installments are rephased / recalibrated without reporting the same as Re-schedule.</li><li>• Verify whether any change in Repayment instruction is made through System.</li><li>• Compare the said accounts with list of Restructured Accounts.</li></ul>	<ul style="list-style-type: none"><li>• ACI — Option "E" — Repayment Details</li></ul>	<ul style="list-style-type: none"><li>• Account Master details (Long Inquiry)</li><li>• Report containing details of all cases wherein EMI / Installment is changed should be sought</li></ul>

## INSTALLMENT START DATE IS FUTURE DATE

### PARAMETER

**Installment Start Date is Future Date**

### CHECKS

- Check whether Installment Start Date entered as per sanctioned term?
- In case of future date system will not identify installment and any repayment received will be shown as "Overflow".

### FINACLE

- ACI — Option "E" — Repayment Details

### BANCS

- Account Master details (Long Inquiry)

## INTEREST DEMAND DATE (FUTURE DATE)

### PARAMETER

**Interest Demand Date (Future Date)**

### CHECKS

- Check whether Interest Start Date entered is as per Sanctioned Term?
- In case of future date as Interest Demand Date system will not accrue interest and any repayment received will be shown as "Overflow".

### FINACLE

- ACI — Option "E" — Repayment Details

### BANCS

- Account Master details (Long Inquiry)

## FICTITIOUS CREDIT THROUGH OFFICE ACCOUNT / INTER-BRANCH ACCOUNT

### PARAMETER

**Fictitious Credit Through Office Account / Inter-branch Account**

### CHECKS

- Are there any quarter / year end credits cited in the account?
- Check the source of Credit Entries.
- Review transactions in Office Accounts / Inter Branch Accounts.

### FINACLE

- ACLI — (Use CTRL + E to Explore the Transaction)
- Review of Office Account Ledgers

### BANCS

- Deposit / CC / OD Accounts & Services → Enquiries → Transaction
- DL/TL Accounts & Services → Enquiries → Transaction

# ROUND TRIPPING FROM INTERNAL ACCOUNTS

## PARAMETER

### Round Tripping from Internal Accounts

## CHECKS

- Close scrutiny of transaction and review of chain / series of transaction for accounts with deficiency is required.
- Such transactions will inflate the Credit Turnover in the account.

## FINACLE

- ACLI — (Use CTRL + E to Explore the Transaction)
- Using only Account Turnover Information generated through "ATOR" / "CUTI" / "ACTI" menu may lead to incorrect inference, since the credits are not solitary credits in account.

## BANCS

- Deposit / CC / OD Accounts & Services → Enquiries → Transaction
- DL/TL Accounts & Services → Enquiries → Transaction

# TEMPORARY OVERDRAFTS

## PARAMETER

**Temporary Overdrafts**

## CHECKS

- Check whether the TOD is sanctioned in order to bring the overdrawn limit to base level.
- Whether additional facility through TOD is sanctioned.

## FINACLE

- ACLI — Option "O"
- TODRP — TOD Register Printing

## BANCS

- TOD Report

# DEVOLVED BILLS PARKED IN OFFICE ACCOUNTS AND NOT IN LIMIT ACCOUNT

## PARAMETER

**Devolved Bills  
Parked in Office  
Accounts and Not in  
Limit Account**

## CHECKS

- Devolved Bills under LCs are required to be debited to the Limit Accounts only.
- Assessment of Asset Classification will be based on composite overdrawn portion Limit + LC Devolved amount (if any on devolvement).
- Check whether the amount of devolvement of LC backed bills are parked in Office Accounts or any separate account?

## FINACLE

- BI & FBI — with Bill Status as "K" using status date filter

## BANCS

- Report on Devolved bills under Import LC

# MULTIPLE CUST ID TO PREVENT THE OTHER ACCOUNT FROM BECOMING NPA

## PARAMETER

**Multiple CUST ID to Prevent the Other Account from Becoming NPA**

## CHECKS

- Check whether multiple CUST IDs have been opened for the borrower with different accounts?
- NPA Report and search all the case by few characters of Name.

## FINACLE

- ACS — Account Selection (Search based on Name)
- LAGI — Loan Account General Inquiry (Inquiry based on other parameters)

## BANCS

- Customer Management → Enquiries → Search by Name

# AUDIT AREA WISE IMPORTANT SYSTEM COMMANDS

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*Finacle 7 • Finacle 10 • BaNCS • Flexcube*

# AUDIT ACTIVITY — CBS SYSTEM SUPPORT REFERENCE

◀ Commands ▶					
Audit Area	Finacle 7	Finacle 10	BaNCS	Flexcube	Primary Checks
Cash	"ACLI" - Account Ledger Inquiry (Vault A/c and Teller Accounts)	HACLI, HACLINQ	-> Reports -> Cash Related -> View Cash Summary (Click on Fetch) -> Branch Reports -> Cash Officer's Jotting Book Report -> Reports -> Printing Reports -> Cashier / Teller Cash Report	GLM02 - Chart of Accounts GLM04 - GL Transactions and Movement Inquiry	Physical verification of Cash Balance Cash Balance as on the date of Audit Period
Balances with RBI / SBI / Other Banks	"ACLI" - Account Ledger Inquiry (Vault A/c and Teller Accounts)	HACLI, HACLINQ	-> Branch Accounting (BGL) -> Enquire -> Transaction	GLM02 - Chart of Accounts GLM04 - GL Transactions and Movement Inquiry	Balance as on Date Transactions in Mirror Accounts Reconciliation Statement (Generally outside of CBS)
Advances - Sanction Limit / Drawing Power	"ACLHM" - Account Limit History Maintenance "ACM / ACI" - Account Master (Limit details) "LTL" - Limit Tree Lookup	HACLHM - Account Limit History Maintenance HACM / HACI, HACMTD (For TD) HLMTREEI Customer Limit Tree Details	DL/TL Accounts & Services -> Enquiries -> Account Deposit / CC / OD Accounts & Services -> Enquiries -> Deposit / CC / OD Account	CHM07 (OD Limit Master Maintenance) CH409 (OD Limit History Report)	Sanction Limit / Drawing Power setup
Advances - Account & Customer Master Parameters	"ACLHM" - Account Limit History Maintenance for DP & SL "ACM / ACI" - Account Master "CUMM / CUMI" - Customer Master	HACLHM - Account Limit History Maintenance HACM / HACI, HACMTD (For TD) CRM Module	DL/TL Accounts & Services -> Enquiries -> Account Deposit / CC / OD Accounts & Services -> Enquiries -> Deposit / CC / OD Account	BAM12 (Interest Index Maint.) BAM13 (Interest Index Rates) LN060 (Loan Product Rates Plan) LNM41 (Interest Rules) LNM42 (Product Interest Attributes Maintenance) LNM81 (Rate Change)	Account & Customer Master parameters setup viz. Interest Parameters (Regular & Penal Interest) Repayment Instructions Standing Instructions (SI) Parameters Linking of Interest Rates with Benchmark Rates

■ Finacle 7

■ Finacle 10

■ BaNCS

■ Flexcube

# AUDIT ACTIVITY — CBS SYSTEM SUPPORT REFERENCE

Audit Area	◀ Commands ▶				Primary Checks
	Finacle 7	Finacle 10	BaNCS	Flexcube	
Advances – Transactions in Borrower's Account	"ACLI" - Account Ledger Inquiry	HACLI, HACLINQ	Deposit / CC / OD Accounts & Services -> Enquiries -> Transaction DL/TL Accounts & Services -> Enquiries -> Transaction	CH031 (Statement Inquiry)	Transactions in Borrower's Account
Advances – Interest Rate History	"INTTM" – Interest Table Master Maintenance (Under Inquire Mode – Account Specific)	HINTTM	Deposit / CC / OD Accounts & Services -> Interest Rate History DL/TL Accounts & Services -> Interest Rate History	LN022 (Interest Calculation Inquiry) LN608 (Interest Charges Report) LN801 (Loan Interest Report)	Interest Rate History
Advances – Conduct of Account & Credit Turnover	"ATOR" – Account Turnover Report "ACTI" – Account Turnover Inquiry "CUTI" – Customer Level Turnover Inquiry	(Refer Finacle-7 menu codes)	DL / TL Accounts & Services -> Enquiries -> Long Deposit/CC/OD Accounts & Services -> Enquiries -> Long		Turnover of CC Account based on Borrower's Business profile In case of Loan accounts ACTUAL recovery of Installments and Interest
Advances – Temporary Overdraft	ACTODM / ACTODI - Account TOD Maintenance ACLHM - Account Limit History Maintenance TODRP - TOD Register Printing	HACTODI - Account TOD Inquiry HTODRP - TOD Register Printing	Deposit / CC / OD Accounts & Services -> Enquiries -> Interest Rate History -> Select 'Limit history' from drop down menu	CHM07 (OD Limit Master Maintenance) CH226 (Adhoc List of Overdue CASA Accounts)	Temporary Overdraft

■ Finacle 7

■ Finacle 10

■ BaNCS

■ Flexcube

# AUDIT ACTIVITY — CBS SYSTEM SUPPORT REFERENCE

◀ Commands ▶					
Audit Area	Finacle 7	Finacle 10	BaNCS	Flexcube	Primary Checks
Advances – Non-Performing Asset (NPA)	"ACS" – Account Selection (2nd Screen – IRAC Code – Main Asset Classification)	HACSP	DL / TL Accounts & Services -> Enquiries -> Short -> Option '1' – TL / DL [Long Inquiry for NPA Date] Deposit/CC/OD Accounts & Services -> Enquiries -> Short -> Option '2' – CC / OD [Long Inquiry for NPA Date] Common Processing -> Overdue / NPA -> NPA Enquiry (Risk Grade / NPA Status Inquiry)	AC02 - CRR (Credit Risk Rating) Inquiry LN156 – Non-Performing Loan Details Report LN191 - Accounts in NPA Status	Search an Account based on Criteria
Advances – Interest Report	"AINTRPT" – Interest Report for Account	HAINTRPT Interest Report for Accounts HINTPRF Interest Proof Report	Product Sheets – To be requested from Data Center (if not available through user login)	LN022 (Interest Calculation Inquiry) LN608 (Interest Charges Report) LN801 (Loan Interest Report)	Interest Report
Advances – Primary & Collateral Security Maintenance	"SRM" – Security Register Maintenance CLL Collateral Maintenance HCLM Collateral Maintenance	HSCLM Collateral Maintenance	DL/ TL Accounts & Services -> Security (Primary/ Collateral) -> Customer -> Amend / Enquiry -> Amend / Enquire Security	CH066 Limit Collateral Inquiry CHM06 OD Collateral Maintenance	Primary & Collateral Security Maintenance
Advances – Lien Marking	"ALM" – Account Lien Maintenance	HALM – Account Lien Maintenance	DL/ TL Accounts & Services -> Security -> Customer -> Amend / Enquiry -> Amend / Enquire Security (Under BaNCS – Collateral ID required before setting up limits)	TDM24 Lien Master	Lien Marking

■ Finacle 7

■ Finacle 10

■ BaNCS

■ Flexcube

# AUDIT ACTIVITY — CBS SYSTEM SUPPORT REFERENCE

Audit Area	◀ Commands ▶				Primary Checks
	Finacle 7	Finacle 10	BaNCS	Flexcube	
Advances – Account Ledger Printing	"PSP" – Pass Sheet Print "ACLPCA" – Customer Ledger Account Print	"HPSP" – Pass Sheet Print	Print Menu available under DL / TL Accounts & Services and Deposit / CC / OD Accounts & Services	CH031 Statement Inquiry 7010 Passbook update LNM10 Account Transactions Inquiry LN421 Statement of Account NPA	Account Ledger Printing
Advances – Non-Fund Based Facility (LC, BG)	"GI" – Guarantee Inquiry "DCQRY" – Documentary Credit Query	HGI – Guarantee Inquiry	Report generated from Trade module		Non-Fund based Facility (LC, BG)
Stationery	"ISRA" – Inventory Status Report (Locationwise viz., Dual Lock, Individual, Cancelled etc.)	HISRA Inventory Status Report HIIA Inventory Inquiry All	Through Valuable Paper Inventory System [VPIS] module	IV011 – Stock Inquiries IV001 – Stock Transactions IV002 – Stock Adjustment	Physical Verification of Stationery and confirmation of Balance as per CBS
Office Accounts (Suspense, Sundry etc.) – Outstanding Entries	"IOT" – Inquire on Transaction (As on date Inquiry) "MSGOIRP" – Outstanding Items Report MSOIRP Minor Subsidiaries Outstanding Items Report	"HIOT" – Inquire on Transaction (As on date Inquiry)	Through offline reports viz. "Audit BGL accounts age wise break up" and "GL- Outstanding-Accnts" report.	GLM02 - Chart of Accounts GLM04 - GL Transactions and Movement Inquiry	Outstanding entries for reporting Entries outstanding – Whether any provisioning is required?

■ Finacle 7

■ Finacle 10

■ BaNCS

■ Flexcube

# AUDIT ACTIVITY — CBS SYSTEM SUPPORT REFERENCE

◀ Commands ▶					
Audit Area	Finacle 7	Finacle 10	BaNCS	Flexcube	Primary Checks
Office Accounts (Suspense, Sundry etc.) – Printing	"ACLPOA" – Account Ledger printing Office Account	"HACLPOA" – Account Ledger printing Office Account	BGL Accounting Menu	(Not specified)	Printing of Office Accounts
Inter Branch Account	Through Outstanding IBR Report.	(Refer Finacle-7 reference)	Through offline "Outstanding IBR Report" / "IBR Summary report"	(Not specified)	Un-reconciled transactions
TDS Related	"TDSIP" – TDS Inquiry & Reports	"HTDSIP" – TDS Inquiry & Reports	Through offline monthly report on accountwise / transactionwise Tax deduction.	TDS11 TDS Inquiry TDS15 Inquiry on Projected Tax	TDS Information and Reports Month-end report on accountwise / transactionwise Tax deduction. Bank specific customized Menu / report

■ Finacle 7

■ Finacle 10

■ BaNCS

■ Flexcube

# NPA IDENTIFICATION: AUDITOR REVIEW & REPORTS

## IRAC Directions 2025 - Key loan types

LOAN TYPE / AREA	WHAT AUDITOR MUST CHECK	USEFUL REPORTS
Term Loan	Review overdue computation logic; validate against IRACP Master Direction example. Check correctness of: Interest Rate, Loan Tenure, EMI, balloon installment values.	Overdue reports; TIs overdue >90 days but Standard; balloon installment comparison (last vs current EMI).
CC / OD Accounts	Review NPA logic for CC/OD. Verify 90-day credit condition implementation; check accounts below SL/DP with no credits for 90 days. Identify OD product types in CBS.	Overdue CC/OD reports; day-wise aggregate credits vs interest debits; accounts below SL/DP with no credits.
Overdue Bills	Review NPA logic for bills purchased / discounted. Verify implementation of due date tracking and overdue computation in CBS.	Bills purchased/discounted with due dates and current status.
Agricultural Advances	Verify crop pattern updation in CBS; SLBC guidelines embedded; crop duration classification correct. Review NPA process for seasonal Agri loans and natural calamity tagging.	Agri advance list with classification; NPA condition parameters per product type; overdue agri report.
Non-Submission of Stock Statements	Review stock statement date-stamping (date received vs date updated in CBS). Check frequency parameters set for CC/OD accounts secured by stocks/book debts.	CC/OD accounts with stock as security — frequency not updated; statements not received but not NPA.
Facility Renewal / Review	Review logic for overdue computation when facility not renewed/reviewed. Check date-stamping of renewal date vs date updated in CBS. Verify Board-approved policy for review due date.	Facilities not renewed for >180 days and not classified as NPA.
Credit Card Accounts	Review integration of Credit Card system with CBS. Verify minimum amount due and overdue date matching between credit card system and CBS.	Outstanding credit card dues with minimum amount due and overdue date.
LC Devolvement / BG Invocation	Review process of handling LC devolvement. Debits must be in operative/limit accounts — NOT parked in office accounts. Review office account outstanding entries.	All LC devolvement/BG invocation cases with account details; outstanding office account transactions.

# CLASSIFICATION, PROVISIONING & INCOME RECOGNITION

## CLASSIFICATION

### Sub-standard / Doubtful / Loss

Review classification logic for each category as per IRACP Directions. Verify automation handles progression correctly.

### Borrower-wise NPA (UCIC)

NPA classification is borrower-wise not facility-wise. Review UCIC implementation in CBS; verify NPA process uses UCIC field.

### Transfer of Loan Exposures

Understand NPA process for loan exposure transfers in CBS. Ensure transferred accounts retain correct classification.

### Restructuring

Review restructuring updation in CBS; verify NPA logic for restructured accounts. Obtain list of restructured accounts and changed EMI/rate/tenor.

### Funded Interest Term Loan (FITL)

Review FITL handling in CBS. Verify NPA logic applies to FITL accounts. Obtain list of FITL accounts.

## PROVISIONING

### NPA Provision

Review provisioning computation in CBS. Obtain CBS-generated report of NPA accounts with applicable provision calculation.

### Valuation of Securities

Review Board policy for stock audit periodicity and collateral valuation frequency. Obtain list of NPA accounts >₹5 Cr with valuation details.

### Standard & Special Assets

Review provisioning for standard assets and special circumstances per IRACP Directions. Obtain CBS provisioning reports.

### Fraud Accounts

Review provisioning computation for accounts classified as Fraud. Obtain specific CBS provisioning report for fraud-tagged accounts.

### Erosion of Security

Verify history of security value is recorded in CBS. Report cases where current security value < previous value (exclude released securities).

## INCOME RECOGNITION

### Interest Reversal on NPA

Review parameters and process for identifying unrealized portion of interest when account turns NPA. Verify automation.

### Moratorium & Lease Cases

Review interest parameters for moratorium accounts; verify income recognition for lease rental finance in CBS.

### Recovery Appropriation

Review process for appropriating recovery as principal, interest, charges per bank policy. Verify CBS implements this correctly.

### Fees & Commission

Review income recognition parameters for fees and commission on rescheduled advances. Check CBS configuration.

### Restructured / FITL Income

Review income recognition for restructured accounts and FITL cases. Verify Sundry Liability Account (Interest Capitalisation) treatment.

# DATA ANALYTICS & EARLY WARNING SIGNALS (EWS)

RBI Master Directions No. RBI/DOS/2024-25/118 — July 15, 2024

RBI/DOS/2024-25/118 DOS.CO.FMG.SEC.No.5/23.04.001/2024-25 — Fraud Risk Management in Commercial Banks — July 15, 2024

## EWS FRAMEWORK — WHAT RBI REQUIRES

- Comprehensive EWS framework integrated with CBS or other operational systems
- Must include BOTH quantitative and qualitative indicators
- Dedicated Data Analytics & Market Intelligence (MI) Unit to be set up
- EWS captures: transactional data, financial performance, market intelligence, borrower conduct
- Any EWS alert → examine if account needs to be red-flagged
- Red-flagged accounts: complete investigation process within 180 days of first CRILC reporting
- Refer: Chapter 21, Section B of Guidance Note on Audit of Banks 2026 for full EWS details

## AUDITOR ACTIONS ON EWS

### Enquire with management

Ask whether EWS has been integrated with CBS / MIS system and what indicators have been configured.

### Review EWS alerts generated

Obtain list of EWS alerts generated during audit period. Review management action taken on each alert.

### Red-flagged accounts status

Obtain list of red-flagged accounts. Verify 180-day investigation timeline compliance per CRILC reporting date.

### Report to top management / ACB

If EWS instances are found to be ignored or under-investigated, bring to top management and Audit Committee of Board (ACB) immediately.

### Related Party Transactions

Use spreadsheet analysis (VLOOKUP, PivotTable, SUMIF, Filter) to identify related party credit — high fraud risk area.

## CBS Environment

# List of Special Purpose / Exception Reports in CBS

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Advances Reports

Profit & Loss Reports

Foreign Exchange, Internal  
Controls & Systems

Capital Adequacy Reports

# Advances Reports

Sr.	Exception / Special Purpose Report
i	Advances snapshot covering all important parameters
ii	Accounts with overdue in excess of 90 days and are classified as Standard Assets
iii	List of LCs devolved during the period/year and current status of account, including list of forced debits pertaining to the devolvement, not debited to the operative accounts of the borrower i.e. parked separately either under advances or office accounts
iv	List of BGs invoked during the period/year and current status of account, including list of forced debits pertaining to the invocation, not debited to the operative accounts of the borrower i.e. parked separately either under advances or office accounts
v	Standalone Non-Fund Based Limits granted to customers
vi	List of accounts such as SMA / Watch list / Probable NPA / Weak account as on the last date of audit period
vii	Backdated updation of stock and book debt statements (difference between date of updation in CBS and date of actual receipt of the stock statement)
viii	List of accounts wherein the facility is not renewed / reviewed
ix	List of accounts which are short reviewed (which may have impact in NPA identification)
x	List of accounts which slipped to NPA during the current period
xi	List of accounts wherein there is an amendment in date of NPA
xii	List of accounts written off during the period / year
xiii	List of accounts upgraded (along with date of upgrade and the overdues on the date of upgrade and the accounting treatment of recovery amount)
xiv	Quick mortality (NPA within 1 year of original sanction date)
xv	List of NPA accounts with security valuation not carried out within the prescribed period

# Advances Reports

Sr.	Exception / Special Purpose Report
xvi	List of accounts wherein re-phasing (change in EMI, tenor, moratorium period) is carried out in CBS (excluding re-phasing due to change in the reference rate)
xvii	Loan / OD against FD with no linkage to FD (i.e., Security)
xviii	Loan to minors (Excluding Non-individual accounts and excluding Education, Loan/OD against deposit cases)
xix	Loans below the benchmark rate (as applicable in each bank)
xx	Loans above the maximum lending rate (as applicable in each bank)
xxi	Loans where disbursement is made in cash (Threshold limit may be prescribed)
xxii	Credit transactions in CC / OD / Loan Accounts with Value Date (Back Date) without Value Date (Back Date) at Debit Leg
xxiii	Advance accounts where effective interest rate is Zero
xxiv	Interest subvention accounts
xxv	Multiple TODs / Ad hoc Sanctions for a customer
xxvi	Non delinking of Ad hoc facility sanctioned on expiry
xxvii	Multiple customer IDs having common PAN
xxviii	Red flagged accounts since more than 6 months
xxix	List of project loans (infra and non-infra) including fields such as Date of Financial Closure, Original DCCO, extended DCCO, Achieved DCCO, Time/Cost Overruns
xxx	List of advances, where significant erosion in security value is observed. (Accounts where erosion is more than 50 per cent)
xxxi	Data submitted to CERSAI
xxxii	SMA0, SMA1, SMA2 reports of all 12 months of the audit period

# Profit & Loss Reports

Sr.	Exception / Special Purpose Report
i	Interest income booked on NPA accounts — report of interest income recognized contra to regulatory norms
ii	Interest income reversed on accounts turning NPA during the year — reconciliation of income reversal entries
iii	Penal interest applied to accounts — list of accounts where penal charges have been levied with details
iv	Accounts with interest rate changes / resets with respect to benchmark rates (pegging may freeze the interest rate at the respective time)

# Foreign Exchange, Internal Controls & Systems

Sr.	Exception / Special Purpose Report
i	Bills under LC devolved and not crystallized / Bills under LC devolved wherein the crystallization account is office account / not of customer
ii	Export bills discounted / purchased and outstanding beyond due dates
iii	Packing Credits Accounts outstanding beyond due dates / Running Packing Credit accounts with age of un-utilized orders is more than 365 days
iv	Resident customers having Non-Resident Account (under same or multiple customer master)
v	NRE Account Holder having resident savings account (under same or multiple customer master)
vi	FDs / RDs with aggregate balance at customer master level in excess of Rs. 20,000 and closed one / all FDs / RDs in cash
vii	Cash payments from Office Accounts in excess of Rs. 10,000
viii	Non senior citizen customers (based on DOB) with senior citizen interest table code
ix	Preferential interest rate applicable to staff applied to non-staff deposit (Refer the policy of bank w.r.t. extending facility to ex-staff and relatives of staff / ex-staff)
x	List of outstanding office accounts entries (pointing type accounts)
xi	Accounts with invalid PAN (No. of digits, structure, constitution code mapping with 4th digit)
xii	List of foreign exchange transactions with exchange rates beyond the card rate / maximum-minimum rate during the period

# Capital Adequacy Reports

Sr.	Exception / Special Purpose Report
i	Accounts above the threshold limit wherein external credit rating is not obtained / updated
ii	Bank guarantees and LC expired and not reversed
iii	Accounts with mismatch in constitution code and BASEL mapping

# EXCEPTION & SPECIAL REPORTS

Reports to verify — especially at month-end and  $\pm 2$  days

## Exception Report

- ▶ Balance exceeded Account Limit
- ▶ Manual debits to Income Account
- ▶ Value Dated (backdated) Transactions
- ▶ Manual entry for SI Failure cases
- ▶ Instrument passed against Clearing

## Interest Code = '0' Report

- ▶ Interest will NOT be charged
- ▶ Check: Is account NPA or in moratorium?
- ▶ Run via ACS / custom report from bank

## Account Turnover Report

- ▶ CC Account turnover vs borrower business profile
- ▶ Loan installment & interest recovery amounts
- ▶ Finacle: ATOR / ACTI / CUTI

## Irregularity Report

- ▶ Accounts where Balance > Limit sanctioned
- ▶ Interest Application overdraft
- ▶ Intra-day TOD granted
- ▶ Instruments passed against clearing effects

## TOD Register (TODRP)

- ▶ All manually granted TODs
- ▶ Cross-verify with sanction orders and delegated authority
- ▶ Finacle: TODRP | BaNCS: TOD Report

## Financial Txn Report (FTR)

- ▶ Loan disbursement in Cash
- ▶ Value Dated Transactions
- ▶ Credits to NRE/FCRA accounts
- ▶ Cash >₹50K (PAN compliance)
- ▶ Cash >₹10L (AML compliance)

# LTV Norms — Gold Loans (2025 Framework)

## Tiered LTV Structure — Final Guidelines 2025

Loan Amount  
**Up to ₹2.5 Lakh**

**85%**

Inclusive — Higher access for small/priority borrowers

Loan Amount  
**₹2.5 Lakh - ₹5 Lakh**

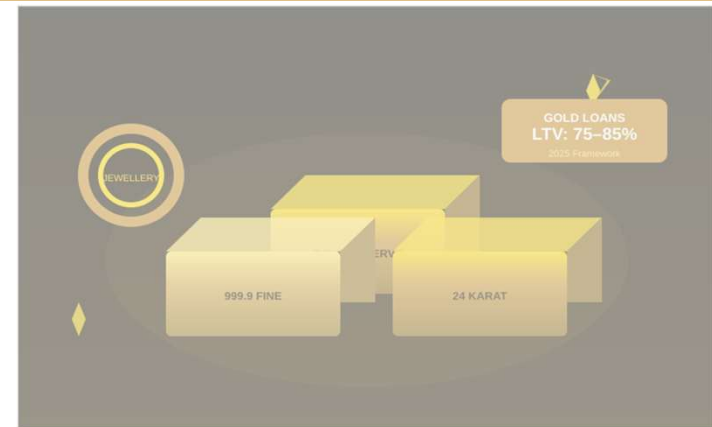
**80%**

Mid-tier — Balanced access & prudential caution

Loan Amount  
**Above ₹5 Lakh**

**75%**

Strict cap — Protecting against high-value defaults



## Additional LTV Rules

### LTV Maintained Throughout

The LTV cap must be maintained throughout the entire loan period — not just at disbursement.

### Renewal / Top-Up Rules

Renewals permitted only if loan is classified as Standard AND within allowed LTV ratio.

### Bullet Repayment Loans

For bullet repayment loans, LTV is calculated on the total amount repayable at maturity.

### Eligible Collateral Only

Only gold jewellery/ornaments (18-22 karat) and minted coins (22 carat+, max 50g per borrower).

# Gold Loans — Conduct Rules, Auction & Collateral Norms

## Collateral & Valuation Rules

### Max Pledge Limit

Aggregate gold per borrower capped at 1 kg; only up to 50 grams in coin form.

### Valuation Standard

Documented method for purity and weight check — both gross and net — mandatory.

### No Re-pledged Gold

Loans cannot be granted against gold already pledged elsewhere.

### Max Tenure

Consumption loans with bullet repayment capped at 12 months maximum tenure.

### No Gold Purchase

Proceeds cannot be used to buy any form of gold — jewellery, coins, ETFs, or MF units.

## Auction & Recovery Norms

### Auction Trigger

If LTV breaches the cap and borrower fails to restore it, lender may auction the gold.

### Auction Notice

Borrower must receive prior notice. Lender must follow a Board-approved transparent process.

### Surplus Return

Any surplus after auction and full loan recovery must be promptly returned to the borrower.

### Collateral Release

Pledged gold must be returned within 7 working days of full loan repayment or closure.

### Delay Compensation

If gold not returned within 7 working days, lender compensates borrower at ₹5,000/day.

# RBI CIRCULARS & DIRECTIONS — QUICK REFERENCE

All key circulars with CBS audit impact — auditors must review CBS configuration

CIRCULAR REF.	DATE	SUBJECT	CBS AUDIT IMPACT
RBI/DOR/2025-26/164 DOR.STR.REC.83	Nov 28, 2025	IRACP Directions 2025 — Automation of Income Recognition, Asset Classification and Provisioning	Complete automation of NPA identification, provisioning, income recognition. No manual intervention without dual auth. Baseline system requirements. Annual system audit mandatory.
RBI/DOR/2025-26/165 DOR.STR.REC.84	Nov 28, 2025	Resolution of Stressed Assets Directions 2025	Time-bound resolution process for stressed assets. DCCO monitoring for project loans. Restructuring framework — FITL, SMA tracking, CRILC reporting.
RBI/DOR/2025-26/153 DOR.SOG(SPE).REC.72	Nov 28, 2025	Commercial Banks — Interest Rate on Deposits Directions 2025	CBS configuration must reflect correct interest rate parameters for all deposit products. Auditor must verify parameterisation.
RBI/DOR/2025-26/154 DOR.CRE.REC.73	Nov 28, 2025	Commercial Banks — Credit Facilities Directions 2025	CBS to implement revised credit facility parameters. Verify lending rate benchmarks, fair practice code implementation.
RBI/2024-25/30 DoS.CO.PPG.SEC.1	Apr 29, 2024	Fair Practices Code for Lenders — Charging of Interest	Verify interest charging logic in CBS is per fair practice code. Check for penal interest parameters, interest pegging, interest reset frequency.
RBI/DOS/2024-25/118 DOS.CO.FMG.SEC.5	Jul 15, 2024	Fraud Risk Management — EWS Framework (Commercial Banks)	Integrated EWS required in CBS. Dedicated Data Analytics Unit. Red-flagged accounts to be investigated within 180 days. CRILC reporting for EWS accounts.
RBI/2020-21/37 DoS.CO.PPG./SEC.03	Sep 14, 2020	Automation of Income Recognition, Asset Classification and Provisioning	Foundational circular for system-based NPA classification. Baseline requirements for data input, user access, STP, backend access restriction, audit logs. Still fully operative.
RBI/2015-16/418 DBS.CO/CSITE/BC.11	2015-16	Cyber Security Framework for Banks	Banks must have cyber security framework. Auditor must verify: BCP, DRP, cyber controls, system audit by CISA-certified auditor.

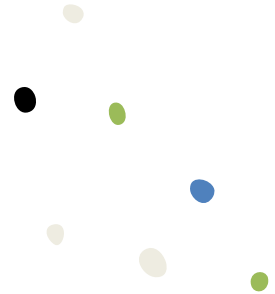
# MANUAL INTERVENTION RISK MATRIX

what to check in CBS

 RBI Circular DoS.CO.PPG./SEC.03/11.01.005/2020-21 (Sept 14, 2020) & IRAC Directions 2025

MANUAL ENTRY / CHANGE	IMPACT IF UNCHECKED	RISK	AUDITOR ACTION & CBS CODE
Backdated Renewal Date update	NPA Identification — renewal appears current	HIGH	Review AFI / Audit File Inquiry for backdated master changes
Change in Limit: Non-Fund Based → Fund Based	NPA Identification — changes exposure type	HIGH	Verify ACHLM / Account Limit History for limit type changes
Changes in EMI / Installment	NPA Identification, Revenue Leakage	HIGH	ACI → Option E (Repayment Details); request report of all EMI changes
Moratorium Period / Flow Start Date	NPA Identification — delays overdue detection	HIGH	ACI → Option E; compare with sanction letter moratorium terms
Changes in Sanction Limit / Drawing Power	NPA Identification — inflates eligible limit	HIGH	ACLHM; cross-verify every change with sanction letter / authority
Credits via Office / Inter-Branch A/c — reversed later	Inflates credit turnover; prevents NPA	HIGH	ACLI → CTRL+E; IOT / MSGOIRP for outstanding entries
Multiple transfers within group / unrelated accounts	Artificial credit turnover — hides NPA status	HIGH	FTI / ACLI; trace chain of transactions; ATOR for turnover report
TOD granted — proceeds used to repay existing facility	Conceals NPA; TOD count manipulation	MED	ACTODM / TODRP; verify source of repayment credit entries
Parking devolved LC bill in office account	NPA not triggered on operative account	HIGH	BI/FBI with status 'K'; IOT for office account outstanding items
Security valuation — manual entry at inflated value	Lower provisioning — misstatement of financials	HIGH	SRM / HCLM; cross-verify valuations with approved valuer reports
Interest Collection Flag set to 'N'	Revenue Leakage — interest not charged	HIGH	ACS + Interest Flag filter; AINTRPT / Interest Report

# Thank you!



- Do you have any questions?

**CA Biman Dutta**  
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**V.Singhi and Associates**  
***Chartered Accountants***



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