

(To be furnished on the letter head of the firm / Company on receipt of Offer through e-mail)

ANNEXURE I – LETTER OF ACCEPTANCE

From	To:
	The Chief General Manager, Canara Bank, Inspection Wing, Head Office, Bangalore.

SUB: Appointment as Concurrent Auditor / Continuous Auditor - Letter of acceptance of terms & conditions.

REF: Your offer letter dated

This bears reference to your above offer letter appointing us as Concurrent Auditor for (Name of the Auditee Unit) for the period from **01.07.2026 to 30.06.2027**.

1. We, _____(Name and address) Chartered Accountant/s hereby accept the offer of appointment of Canara Bank for the Concurrent / Continuous Audit of Branch / Service Unit on the terms and conditions already set out in the application.
2. We also hereby declare that no change in the constitution of our firm has taken place since our application to the empanelment in your Bank for Concurrent / Continuous Audit. We also undertake to inform the Bank in advance, wherever there is any change in the constitution of the firm.
3. We undertake that (a) the Audit work assigned to us will be carried out by our own staff and (b) no sub-contract of the work will be given and (c) we / the firm will make necessary alternate arrangements to ensure uninterrupted audit of the branch in case of any contingencies. (d) We will ensure continuity of audit staff.
4. We declare that we / the spouse / dependent children wholly or mainly dependent parents, brothers, sisters or any of them, of any of the partners / proprietors of the firm or the firm / company in which they are partners / directors have not availed any loan from any of the branches of your Bank / indebted to your Bank. If availed, the details are as under:

Bank / Branch	Details of loan	Availed amount	Liability	Arrears / Overdues if any	Whether NPA

5. We also confirm that we are not disqualified under Section 141 of the Companies Act, 2013 read with Rule 10 of The Companies (Audit and Auditors) Rules, 2014 to accept this appointment.”
6. We declare that we are not partners / Directors in any other Audit Firm/s which are appointed for any other types of assignments in Canara Bank.

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7. We declare that a partner / qualified assistant will devote his time as stipulated in the appointment letter for this work.
8. We do hereby declare that to the best of our ability and skill, execute and perform the duties required of us as Concurrent Auditor/s of the Bank.
9. We further declare that we will not communicate or allow to be communicated to any person any information relating to the affairs of Canara Bank or the affairs of any person/s having dealing with the Bank nor will we allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Bank relating to the business of the Bank or of the business of any person having any dealing with the Bank and maintain utmost confidentiality in all the matters which have come to our notice during the course of audit. If in the opinion of the Bank there is any breach of any of these covenants by us or any of the employees of our firm, the bank is at liberty to initiate any action against the firm and the firm is liable for any damages caused to the Bank or any of its claims.
10. I, the main Partner / Director of M/ssituated at(complete address) hereby declare that neither I nor any of our partners / Directors / members of my/their families (family will include besides spouse, children, parents, brothers, sisters or any of them who are wholly or mainly dependent on the Chartered Accountants) or the firm...../.....I am / they are partners/directors have been declared as (a) Willful defaulter (b) Non-cooperative borrower by any bank/financial institution.
11. In case the above declaration or any part thereof is proved to be incorrect, the bank is free to advise the details thereof to RBI and Institute of Chartered Accountants of India / IBA for initiating necessary action against me / us.
12. We confirm that we are not associated with audit of any of the firms/ companies etc., which are dealing with your (Offered to us now) branch/ unit.
13. We also note that our failure to inspect securities as stipulated and report serious irregularities to Circle Office/ Inspection Wing, HO will attract disqualification from being continued as a concurrent auditor or other assignments by the Bank, and report the disqualification to RBI/ICAI/IBA.
14. We convey our acceptance to function as concurrent Auditors ofbranch/ unit on the remuneration offered by the Bank. The Bank is at liberty to modify the remuneration at any point without giving any reasons. The remuneration payable by the Bank is subject to applicable statutory deductions.
15. We are aware that the outsourcing of concurrent audit is subject to RBI guidelines issued from time to time and we undertake to be bound by such guideline or any other guidelines / instructions issued by Bank or to be issued by Bank to comply with the RBI guidelines or any other guidelines of the Bank from time to time.
16. We also undertake to preserve the documents / data obtained in the course of concurrent / Continuous audit in accordance with legal / regulatory obligations of RBI / the Bank.

17. The Bank is also at liberty to verify / inspect such records by the internal / external auditor of the Bank / RBI / other persons authorized by the Bank and we shall have no objection in giving access to all such books / records and information relevant to the audit.
18. We agree and undertake that the services rendered by us / firm is liable for periodical review by the Bank and in case in the opinion of the Bank our services are not satisfactory, the Bank is at liberty to alter/modify/vary/change any of the terms and conditions of the appointment after giving due intimation to the firm or summarily terminate the services of the firm if in the opinion of the bank the firm or any of its employees has violated any of the terms of appointment.
19. We understand and agree that other than fee offered no separate Travelling Allowance/Halting Allowance / Out of Pocket Expenses, fees for inspecting the securities/attending training / workshops, conducting audit of Extension Counters etc., will be paid.
20. In case of any dispute the decision of the Bank is final and only the appropriate court in Bangalore shall have the authority in jurisdictional matter.

(Signature of the Authorized Signatory with seal)

Date:

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ANNEXURE II – LETTER OF UNDERTAKING:

From	To:
	The Chief General Manager, Canara Bank, Inspection Wing, Head Office, Bengaluru.

1. We have read the bank's terms and conditions for selection/appointment of concurrent auditor and agree to abide by the same. We also undertake to execute the undertaking letter in the prescribed format agreeing to abide by the specific terms and conditions of appointment before taking up the assignment in case the firm is selected for Concurrent/ Continuous Audit.
 2. We hereby declare we are qualified under provisions of Section 141 of Companies Act 2013 for appointment as auditors of the Bank. We are not disqualified under Section 141 of the Companies Act, 2013 read with Rule 10 of The Companies (Audit and Auditors) Rules,2014 to accept this appointment."
 3. We hereby declare that all the partners of the firm are full time practicing Chartered Accountants.
 4. We hereby declare that individually, no partner is engaged in practice otherwise or in any other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act 1949.
 5. We hereby declare that neither our Firm nor any of the partners have been disqualified/debarred/cautioned by ICAI / IBA / other regulatory bodies during the last 5 years.
 6. We hereby declare that the constitution of the firm as on the date shown in this profile / Resume is the same as that of in the Constitution Certificate issued by the ICAI and any changes in the constitution will be intimated to the Bank as and when takes place.
 7. We undertake to submit the latest copy of the Registration Certificate issued by the ICAI duly attested (self-attestation is permissible), on receipt of offer letter from the Bank.
 8. We hereby declare and confirm that the above particulars are true, complete and correct and no other material information has been withheld.
 9. The above particulars / information / details are given on behalf of the applicant, by the undersigned who is authorized to do so.
 10. We also undertake to abide by any other Terms & Conditions which the Bank may stipulate in compliance to RBI / Government guidelines or other internal guidelines of the Bank issued from time to time.
 11. We also undertake to indemnify the Bank against all actions, omissions, proceedings, claims, suits, damages and any other expenses for causes attributable to the auditor / firm including any loss suffered on account of any breach of the terms and conditions of the offer of the appointment.
1. We understand that at the discretion of the Bank, the services of the auditors shall be terminated / blacklisted with / without due intimation when the

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performance is found wanting and such Audit firms shall stand de-empaneled and shall not be considered for further empanelment till a period of 3 years from the date of depanelment.

2. We also understand that, if performance of ECA firm is rated as
 - i. Moderate during the periodical performance appraisal, ZI shall review the performance of such ECA firms for the next 3 months after duly informing the firms of its deficiencies in writing and if the performance of the ECA firm continue to be Moderate, such ECA firms shall be terminated/ depaneled from audit assignment immediately and shall not be considered for further empanelment till a period of 3 years from the date of termination/ depanelment
 - ii. Unsatisfactory during the periodical performance appraisal, such ECA firms shall be terminated/ depaneled from audit assignment immediately and shall not be considered for further empanelment till a period of 3 years from the date of termination/ depanelment.
3. This is without prejudice to referring the issues to the professional body (ICAI and also RBI / IBA) and also claim damages for such unsatisfactory service, whatsoever by the firm or any of its employees.
12. We undertake to follow the time norms for completing the Audit and submitting the Audit report to the branch/Circle / Zonal Inspectorate. If there is any delay in submission of the report or the report is wanting in material aspect, we are liable to be forfeited 10% of the monthly Audit Fee by the Bank without any further reference to us till the deficiency continues. The decision of the DGM, Zonal Inspectorate shall be final in this regard.
13. We confirm that Proprietor / Partner of the Audit firm / designated partner of the LLP is not a Director on the Board of the Bank.
14. We confirm that we are not partner / Designated Partner of any Audit firm where a director on the Board of the Bank is a partner.
15. We confirm that no relative or close relative of the Proprietor / Partner of the Audit firm / Designated partner of a LLP are / have working /worked in the last 3 years in the branch allotted for empanelment.
16. We do not have statutory audit (Central audit or Branch Audit), credit audit, valuation of fixed / current assets or any other similar assignments with Canara Bank / or /any branch of Canara Bank. We undertake to inform Inspection Wing, if we are appointed as Statutory Auditors of the Bank and to relinquish the Concurrent / Continuous Audit, only after completing the concurrent / Continuous audit and submitting the report upto the month in which the appointment as Statutory Auditor is made.
17. We, the proprietor / firm / any partners of the firm, or any of our clients do not have any credit facilities with the auditee branch, mentioned above, (excepting for credit facilities against our / their own deposits – if any). If such credit facilities are availed, we are aware that the appointment for concurrent / Continuous audit will be terminated with immediate effect.
18. We, the Proprietor / firm / any partners of the firm do not have any disciplinary matters pending with ICAI/RBI/IBA/National Financial Reporting Authority (NFRA) and we have not suffered any disqualification.
19. We confirm that our services have not been terminated or stopped by Canara bank earlier for (i) want of satisfactory performance or (ii) serious acts of commission or omission or (iii) professional misconduct or (iv) any other reason.

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20. We are aware and accept that if renewal of empanelment is considered, under exigent conditions, Bank may change the allotment of auditee unit / branch for any administrative reasons.
21. We understand and agree that in the event of merger / closure of the auditee Branch during the period of concurrent / Continuous audit, due to any administrative exigencies, the Bank at its discretion, may allot a new branch in the same city for Concurrent / Continuous audit for the remaining period of concurrent auditor's tenure (i.e. upto 30th June) subject to availability and if new branch is allotted, the Concurrent Auditor has to commence the audit for the month from which the previous concurrent / Continuous audit of the new branch was completed. The fees payable shall be as applicable to the merged / closed Branch in which the concurrent auditor was doing the audit till the merger/closure. If suitable Branch is not available / could not be allotted, it is acceptable to us to forgo the assignment.
22. If any Fraud / Income leakage unearthed in the Branch / Service Unit (Auditee unit) at a later date eventually or during any other audits pertaining, we shall be liable for explanation and action taken.in this regard.
23. If we are allotted continuous audit of Retail Asset Hub (RAH) / MSME Sulabh, we undertake that we will ensure coverage of files of all branches coming under the purview of the said RAH/MSME Sulabh. If in case, during the period of continuous audit, any new branch files are added to the RAH/MSME Sulabh due to reallocation/ re arrangement of branches for each RAH/MSME Sulabh, we shall conduct Continuous audit of those new files also as per procedure.
24. In case of any dispute, the decision of the Bank is final and only the appropriate Courts in Bangalore shall have the jurisdictional authority.
25. We confirm that we have read and understood all the Terms and Conditions enumerated in the Online Application at the time of initial empanelment, comprehensively, and explicitly undertake to abide by all the Terms and Conditions laid down by the Bank for empanelment of external concurrent Auditors.
26. We accept and confirm that if there is any delay in submission of the report or the report is wanting in material aspect, 10% of the monthly Audit Fee shall be deducted without any further reference to us till the deficiency continues. The decision of the DGM, Zonal Inspectorate shall be final in this regard. The 10% deduction is in the nature of penalty & is not refundable at a later date.
27. We accept that whenever, the assignment is terminated or relinquishment is permitted, the audit remuneration will be paid only up to the end of previous month for which a fully completed report is received.
28. We accept that after termination of the contract / relinquishment of the assignment, we shall not use or keep any of the material information given by the Bank like Manuals, ITIOs etc. or make any representations to public or outsiders as continuing this contract.

Signature
Name of the Auditor
Membership Number.....
Name of the firm.....

Date:
Place:

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ANNEXURE III - Compliance of DO's AND DON'Ts

From	To:
	The Chief General Manager, Canara Bank, Inspection Wing, Head Office, Bengaluru.

Sub: Empanelment as Concurrent Auditor – Compliance of DO's AND DON'Ts.

We undertake to ensure compliance of the Dos and Don'ts as furnished below and undertake not to deviate from any of the issues contained therein.

Dos: The Auditor shall

1. Conduct pre- concurrent/continuous audit study of the branch / department by getting all relevant information of the auditee branch / office (as stated in the engagement letter)
2. Prepare proper audit plan based on 1 above, covering all the areas of the scope, keeping in the view the time lines stipulated.
3. Have a structured introductory meeting with the auditee branch office and seek all the information required in advance with proper time Schedule.
4. Introduce the audit team to the officials of the auditee branch / office.
5. Constitute Audit team with senior and experienced members as required.
6. Display team spirit and avoid misunderstandings/ arguments in the presence of auditee branch / office officials.
7. Ensure that findings are factual to the point, complete in detail and clear.
8. Be precise and comprehensive without missing links while preparing the report.
9. Be practical in his approach and view things in proper perspective.
10. Present a qualitative report rather than a bulky report. (Bulky report is not the criterion for judging one's performance. It is the quality of report that matters)
11. Be competent and possess high degree of integrity to command respect from auditee branch / office.
12. Discuss findings with branch officials on daily basis and try to rectify the defects then and there itself.
13. Give auditee branch / office officials, a chance to express their opinion while discussing the issues. Getting proper explanation in a co-operative atmosphere will save precious time.
14. First discuss with the leader of his team in case of difference of opinion with auditee branch / office officials. Further discussion on a higher level may be made, if required.
15. Report the matter to the leader of the team immediately in case, he comes across any information which causes him to suspect any element of fraud, gross negligence, gross incompetence or similar unfavorable actions or tendencies.
16. Maintain utmost secrecy of the information/ audit observations/ issues etc. relating to the auditee.
17. Shall be punctual and observe the office timings of the branch / office.
18. Be courteous, cooperative and professional.
19. Ensure that there is no conflict of interest.

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Don'ts: The Auditor shall

1. Not have any professional or commercial relationship either direct or indirect with borrowers/ beneficiaries of the branch / department which he is auditing and also will not have such relationship in future as far as possible for a minimum period of three years.
2. Not take advantage of his association as Concurrent Auditor with the branch/ department of the bank and canvas for any client/ business with the bank either directly or indirectly.
3. Not represent on behalf of any client/ customer of the bank for a minimum period of as far as possible three years after the completion of term of the audit.
4. Not share/ pass on / discuss any audit related observations / issues/ findings with anyone other than concerned in the bank.
5. Not jump to conclusions without documentary evidence & sensationalize the issues.
6. Not use offensive language during discussions or in the reports.
7. Not offer general comments on internal control as "good / satisfactory / needs improvement etc., but substantiate with detailed observations.
8. Not direct the branch / office to follow a procedure which is not in our Manual of Instructions/ Circulars.
9. Not act overly reserved or unfriendly in order to maintain his independence as an auditing officer. A forbidding attitude on his part may well cause others to adopt the same attitude towards him. This can adversely affect the work entrusted to the inspecting officer.
10. Not get involved in heated argument with auditee branch/ office officials.
11. Not give orders to auditee branch / office officials, but seek requirements from the officer assigned to assist him on a particular job. The concerned officer would issue the necessary orders to their employees if he accepts inspector's suggestions and recommendations.
12. Not delay the submission of audit report.

(Signature of the Authorized Signatory with seal)

PLACE:

DATE:

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Scope of Concurrent / Continuous Audit of Branches / Offices

- Concurrent Audit is an examination which is contemporaneous with occurrence of transaction or is carried out as near there-to as possible.
- It attempts to shorten the interval between a transaction and its examination by an independent person not involved in its documentation.
- There is an emphasis in favor of substantive checking in key areas rather than just checking.
- This Audit is essentially a management process integral to the establishment of sound internal accounting functions and effective controls and setting the tone for a Vigilant Internal Audit to preclude the incidence of serious errors and fraudulent manipulations.
- A Concurrent Auditor may not sit in judgement of the decisions taken by branch officials. The Auditor will necessarily have to see whether the transactions or decisions are within the Policy parameters laid down by the Bank, they do not violate the instructions or Policy prescriptions of the RBI and that they are within the delegated Authority.
- Concurrent Audit system is regarded as part of Bank's Early Warning System to ensure timely detection of irregularities and lapses, which helps in preventing fraudulent transactions at branches.
- The scope of the Concurrent Audit is wide enough to cover major fraud-prone areas like handling of cash, deposits, safe custody of securities, investments, overdue bills, exercise of discretionary powers, sundry and suspense accounts, GL heads, inter-branch reconciliation, clearing differences, foreign exchange business including NOSTRO accounts, Off-balance sheet items like LCs and guarantees, Treasury functions, ATM transactions, Net Banking, Mobile Banking, NEFT, RTGS transactions, Credit / Debit / Smart Card business, IMPS/ UPI / BHIM / BBPS, Government business, Customer service, Advance Import Remittance, KYC/AML compliance, Scrutiny of High Value transactions in both staff & customer accounts and such other IT related products and services besides housekeeping.
- The Concurrent Audit is different from Statutory Audit, Risk Based Internal Audit of the branches.
- In determining the scope of Concurrent Audit, importance is to be given to checking High Risk / High Volume transactions having large financial implications on a real time basis.
- Under the CBS the vulnerability of the organization to High Value frauds due to easy access to data base on the entire customers / non-customers of the Bank has increased substantially. Therefore, the Concurrent Audit shall have (a) suitably tested technological tools and (b) experienced manpower.

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Objectives:

- To alert the management with reporting of early warning signals so that the bank management shall take necessary steps in time to protect the bank's assets.
- To supplement the efforts of the Bank in carrying out the simultaneous internal check of the transactions and other verifications and also compliance with the laid down procedures.
- In Concurrent Audit importance is given to checking high risk transaction having large financial implications as opposed to transactions involving small amounts.
- To locate irregularities, if any, in respect of major identified areas of branch working on an ongoing basis.
- To detect serious / major irregularities in documentation, security, etc. early and to ensure timely rectification.
- To check all the fraud prone areas in the functioning of branch and to verify as to whether the fraud prevention measures put in place by the Bank are being followed.

Minimum Attendance:

- Where the stipulated audit fees is Rs.17500/-, then the audit team shall visit the branch @ 3 days/week subject to a minimum of 15 days/month, out of which the Chartered Accountant / Partner of the audit firm shall visit the branch for 3 days, preferably during the end of the month.
- Where the stipulated audit fees is Rs.21000/- to Rs.50000/- per month, the audit team shall visit the branch @ 4 days/week subject to a minimum of 20 days per month, out of which the Chartered Accountant/Partner of the audit firm shall visit for 4 days, preferably during the end of the month.
- In case of Continuous audit of PCB/ LCB/ RAH/ MSME Sulabhs/ Reconciliation wing/ CPHs/ V-CIP / Clearing section: Mumbai / Govt. Link Cell, Nagpur, the following clause is applicable).

The Prime Corporate branches (PCB), Large Corporate branches (LCB), Reconciliation Wing: Head Office, Bengaluru, Government Link Cell: Nagpur, Retail Asset Hubs (RAH), MSME Sulabhs, CPHs, V-CIP and Clearing Section, Mumbai are identified for Continuous Audit. The audit team shall visit such branches / offices on all days of the month and the Chartered Accountant/Partner of the audit firm shall visit for 5 days, preferably during the end of the month.

- The audit personnel should not be changed to ensure continuity and consistency in the concurrent audit. The audit firm shall conduct appropriate due diligence before employing any personnel who will be entrusted with the work of conducting the concurrent audit of the Bank. The audit firm is also responsible for any commission and omission of its employees which may cause and or likely to cause any loss / damage to the Bank or its clients.

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Bank Expectation:

- To have qualitative report, the persons selected for Concurrent Audit should have adequate domain knowledge of the internal rules, systems and procedures of the Bank, CBS, documentation, systems & procedures, monitoring tools and other safety nets.
- The Concurrent Auditor should be vigilant and exercise due diligence while conducting Concurrent Audit. The Concurrent Auditor shall follow the detailed guidelines relating to coverage of Audit areas, the checkpoints and other communications issued from time to time.

Accountability for ECAs:

- If any serious acts of omission or commission are noticed in the working of ECA's working, their (ECAs) appointments may be cancelled and the fact/details may be reported to RBI, ICAI & IBA.
- The ECAs / audit firms are responsible for the acts of their employees and for any commission and/or omission on the part of their employees.

Termination / Cancellation of Empanelment / Relinquishment of Empanelment:

The following shall be sufficient grounds for termination / cancellation of empanelment:

- Non-Adherence to attendance norms either by Main partner / Auditor / Audit team.
- Information / documents furnished by the auditor (ECAs) is found to be incorrect or fabricated to get higher ranking / scoring, at a later date.
- Deliberate omission of facts, information about disqualification which comes to the knowledge of bank at a later date.
- If the performance is found to be wanting as reported in the periodical performance appraisal.
- Any serious acts of Commissions, omissions, misconduct, deviations in professional ethics or any other reason bank may deem fit and appropriate to the situation
- Reported disqualification as per Section 141 of Companies Act 2013 for appointment as auditors of the Bank and also as given in Section 226 of the Companies Act
- Bank reserves the right to terminate & de-panel the empanelment forthwith without any notice and without assigning any reasons in case of:
 - proven misconduct
 - getting any adverse reports or adverse confidential information
 - bank feels that its interests may be jeopardized, besides reserving its rights for initiating other action as deemed fit.

The areas to be covered during Concurrent / Continuous Audit enumerated below is exhaustive and Concurrent auditors have to take utmost care to cover latest guidelines issued by Bank and Regulators from time to time which will be incorporated as checklist / query points in audit package.

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No	Areas
1.	<p>Cash Transactions:</p> <ul style="list-style-type: none"> • Cash transactions including physical verification of cash etc. • Surprise physical verification of cash at branch and ATM along with safekeeping and custody • Daily cash transactions, particularly any abnormal receipts & payments • Surprise verification of cash by an officer other than the joint custodian • Reporting of Counterfeit Currency • All cash transactions of Rs. 10 lakh and above reported in CTR • That all cash transaction of Rs. 50,000 and above invariably indicate PAN No. / Form 60
2.	<p>Clearing transactions:</p> <ul style="list-style-type: none"> • Reconciliation with bank's account at Clearing House and review of old outstanding entries for reconciliation • Drawings allowed against uncleared instruments - sanction by the controlling authority.
3.	<p>Remittances / Bills for Collection:</p> <ul style="list-style-type: none"> • Remittance of funds by way of DDs / TC / NEFT / RTGS any other mode in cash exceeding the prescribed limit. • Documents of title (lorry receipts, railway receipts, etc.) obtained in favour of the bank and the concerned transporters are on the IBA approved list • Outstanding balance in DP and other transit accounts pending payment beyond prescribed period.
4.	<p>Deposits</p> <ul style="list-style-type: none"> • Compliance with Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS), monitoring of transactions in new accounts / staff accounts, reports of CTR /STR etc. • Adherence to KYC / AML guidelines in opening of fresh accounts and monitoring of transactions in such accounts • Large term deposits received and repaid including checking of repayment of term deposit in cash beyond permissible limit • Accounts opened and closed within a short span of time i.e., accounts with quick mortality • Activation and operations in inoperative accounts • Value dated transactions • Settlement of claims of deceased customers and payment of TDRs against lost receipts and obtention of indemnities, etc. To check revival of dormant accounts and accounts with minimum activities • Examination of multiple credits to single accounts.
5.	<p>Loans & Advances:</p> <ul style="list-style-type: none"> • Loans and advances including a) physical verification of securities b) delegation of powers for sanction, c) Security Charge Creation, d) end use verification of funds, e) monitoring of accounts with excess drawings, f) monitoring of projects etc. • Report Bills / cheques purchased, if in the nature of accommodation bills • Proper follow-up of overdue bills purchased / discounted / negotiated • Fresh loans and advances (including staff advances) have been sanctioned properly and in accordance with delegated authority • Reporting of instances of exceeding delegated powers to controlling / head office by the branch and have been confirmed or ratified by the competent authority • Securities and documents have been received as applicable to particular loan • Securities have been properly charged / registered and valued by competent person. Whether the same has been entered in the bank's system • All conditions of sanction have been complied with

	<ul style="list-style-type: none"> • Master data relating to limit, rate of interest, EMI, moratorium period details have been correctly entered and updated / modified in the system • Value dated entries passed in advances accounts • Post disbursement supervision and follow-up is proper, such as timely receipt of stock and book debt statements, QIS data, analysis of financial data submitted by borrower, verification of securities by third parties, renewal of limits, insurance, etc. • Whether there is any mis-utilisation of the loans and whether there are instances indicative of diversion of funds • Compliance of prudential norms on income recognition, asset classification and provisioning pertaining to advances • whether monthly updating of drawing power in the computer system on the basis of stock statements / book debt statement / other financial data received from the borrowers • Recovery in compromise cases is in accordance with the terms and conditions of the compromise agreement • To check review and renewal of loans.
6.	<p>Non-fund based Business:</p> <ul style="list-style-type: none"> • LC / BG issued / amended as per the approved format / model guarantee prescribed and standard limitation clause incorporated • Whether counter indemnity obtained as prescribed • Any deviation from the terms of sanction in regard to margin, security, purpose, period, beneficiary, collection of charges, commission / fee etc., • Whether payment is made to the debit of party's account on due date without creating overdraft / debiting suspense, in case of deferred payment guarantee • Transaction verification in FCNR accounts.
7.	<p>Foreign Exchange transactions:</p> <ul style="list-style-type: none"> • Remittances / Bills for collection including SWIFT transactions, monitoring of overdue statements (Bills purchased / discounted / negotiated) • Packing credit released, whether backed by LC or confirmed export order • Availability of ECGC cover and compliance with ECGC terms • Submission of statutory returns on export / import transactions, like BEF statements, XOS, write off of export bills, etc. Follow up of outstanding export bills and exchange control copy of bill of entry • Irregularities in opening of new accounts and operation in NRO, FCNR, NRE, EEFC etc., and debits/credits entries permissible under the rules • Whether operations in FCRA accounts are as permitted by MHA and FCRA guidelines • Booking, utilization, extension and cancellation of forward contracts • Recovery of charges as per HO Guidelines

8.	<p>House Keeping:</p> <p>Verification of transactions in Internal / office accounts like GL including minor subsidiaries Sundry Assets / Sundry Liabilities / Sundry Deposits etc. and internal current accounts. Besides ensuring that GL heads are reconciled / tallied on an ongoing basis as per norms the transactions put through in GL heads (Credit and Debit) are to be verified by Concurrent Auditors for their genuineness. Whether the transactions are backed up by relevant slips with due authentication / signature of the officials concerned also to be ensured.</p> <ul style="list-style-type: none"> • Parking of subsidies / transactions of subsidy amount through GLs • Verification of Mandatory reports: Mandatory reports generated and authenticated by Branch officials to be verified as per prescribed guidelines. Exceptional transaction reports are generated and verified by branch staff are to be verified. During Concurrent Audit, the Auditor should verify these checklists for seven days in a month not exceeding two per week. These days will be decided and uploaded in the system by the respective ZI keeping in view of holidays, if any in the respective place. Verification for these seven days are compulsory. • Transaction verification from physical vouchers with that of reports generated & checked by Branch officials • Review of all balance sheet heads and outstanding entries in accounts, e.g., suspense, sundry and inter-bank accounts. Review of follow up of entries pending for reversal • Scrutiny of daily vouchers with more emphasis on high value transaction including high value expenses and debit entries in Suspense account • Debits in accounts where signatures are pending for scanning • Whether records related to KYC / vouchers and other critical areas are sent to specific places like archival centre, record room as per stipulated periodicity • Adherence to KYC / AML guidelines in opening fresh account and subsequent modifications of records and monitoring of transaction.
9.	<p>Verification of Credit Card / Debit card:</p> <ul style="list-style-type: none"> • Application for the issue of credit card has been properly examined and record of issue of the same has been maintained • Whether overdraft / debits arising out of the use of credit cards are promptly recovered and informed to higher authorities • Whether undelivered credit cards are properly kept as security items and followed up with credit card department for further instructions • Physical verification of Debit cards, credit cards, passwords and PINS, control over issue & delivery, safe keeping and custody at all the locations. Report loss of any such items.
10.	<p>Verification of Staff accounts:</p> <p>Verification of transactions in the staff accounts and other accounts linked to customer ID of staff and report the discrepancies.</p>
11.	<p>Others:</p> <ul style="list-style-type: none"> • Compliance of provisions relating to Tax Deducted at Source, GST, other duties and taxes • Physical verification of inventory, control over issue of inventory, safe keeping and custody of security forms. Report any loss of such items • Physical verification of other deliverable items, control over issue, safe keeping and custody • Custody and movement of branch keys • Locker keys and locker operations-linking of FDR as security for locker/ operation of locker / inoperative lockers / nomination / other issues

	<ul style="list-style-type: none"> • Safe custody of branch documents like death claim cases, issuance of duplicate DD / PO / FDR, checking of indemnities, etc. and verification of documents executed during the period under audit • Reporting of frauds
12.	Compliance to RBI guidelines and internal policy guidelines. Compliance to the latest guidelines / instructions from Head Office given from time to time

Minimum Sampling to be followed for Concurrent / Continuous Audit per month

	Area	Coverage
I.	DEPOSITS	
	A. SAVINGS BANK ACCOUNTS & CURRENT ACCOUNTS	
	Account Opening Forms and Specimen Signature Cards, KYC norms, etc.	100% checking (i.e, all SB & Current Account Opening Forms to be checked) per introduction, obtention of Photo, Completeness of information, etc. Ref KYC checklist.
	Issue of cheque books and loose leaves, ATM/debit cards, etc.	At irregular intervals (Monthly) to see whether branch is adhering to laid down systems and procedures.
	Operations in the New Accounts	All Debits & Credit entries of Rs.100000/- and above in Current accounts and Rs.25,000/- in SB accounts
	Scrutiny of Cash withdrawal	At random on the basis of payment waste (TP 603)
	TODs allowed	Noting, Reporting, obtaining permission / ratification and Follow- up of all overdue TODs, etc.
	Compliance to KYC/AML guidelines; Guidelines pertaining to change of customer master data such as address; mobile, signature, etc.	ECAs to go through the KYC / AML checklist and verify the accounts opened during the Concurrent Audit period as to the compliance of KYC/AML guidelines. Please see the checklist as per ITIO 08/2020 dated 01.04.2020
	Review the system GLs used for parking entries / pending adjustments	ECA has to check the entries to ensure that the same are not used for fraudulent purposes and unethical practices.
	B. TERM DEPOSITS	
	Account Opening Forms; KYC norms;	50% of the accounts opened during the month if SB Account is available with us. If SB Account is not with us 100% verification.
		Verify Negative Balance and GL alerts on daily basis Verify PRR 18 At random (The running numbers of deposits verified should be indicated in the report)
	Verification of issue of deposit receipts; value dating, etc.	100% (serial numbers) and value dating of the deposits
	Handling of Bulk deposits; Guidelines as per HO Circular 420/2015; 313 /2016	100% verification, both on maturity closure as well as before maturity closure to verify the rate of interest offered (depending upon the size of the Branch, all deposits over Rs.10.00 lacs or suitable amount)

	TDS;	Quoting of Correct PAN Number in CBS / e-TDS returns verification of compliance of regulatory guidelines pertaining to Income Tax, TDS, RBI, Customer Service etc. (ITIO 07/2014) Prompt collection & Timely Remittance of TDS, Refund of TDS made during the month.
	Adherence to KYC / AML guidelines	Verify Compliance with Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS), monitoring of transactions in new accounts/staff accounts, reporting of STR
	C. NNND Applications; Web based package for NNND.	50% of the accounts opened during the month.
	Payment / Recovery of Commission to NNND Agents.	At random on Quarterly basis.
	Premature closure	Test check
II	CASH & GENERAL MATTERS	
	1. Cash (including onsite + off site ATM cash; CAM; Cash Recyclers)	Physical Verification of Cash in double lock once in a month. Verify whether cash department is functioning as per norms viz., regarding custody of keys, movement of cash from dual custody. Accounting of inward / outward cash, etc. (comment on monthly basis). Whether the branch is working within the Standard Cash Limit. NOTE REFUND RULES; RBI guidelines pertaining to Facility for Exchange of Notes and Coins; Coin vending machines; DOORSTEP BANKING; RBI guidelines pertaining to Detection and Impounding of Counterfeit Notes Review of ATM complaints Register and monthly claims report submitted by branches to Circle Offices showing the compensation paid, if any to the claimants by examining the status of the delay.
	2. Tappal Department	Verification of Tappal Cash, Stamps and Overall working of tappal department / Courier.
	3. Custody of Godown Keys and also vacant lockers key	To be done at the time of cash verification
	4. Safe Custody Articles	Charges; Safe Custody Register; Safe Keeping; Withdrawals; Returning articles by Post; Delivery of Articles to an Agent; Lost Receipt; Banker's Lien; Nomination facility; Settlement of claims under nomination; Settlement of claims in the absence of nomination; Balancing; Unclaimed articles; Arrangement for depositing Government Securities / Guaranteed bonds held by NBFCs under Section 45 1B of the RBI Act.

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	5. ISCs/ OSCs	Physical Verification of bills on hand once in a month; Balancing; Certificate after Balancing.
	6. Sundry Assets; Branch Adjustment Account	<p>Maintaining of Accounts; Preparation of Vouchers; Posting of Vouchers; Balancing; Monthly Review Return on Sundry Assets Cum Suspense Deposits (PRR - 6); Follow up Register</p> <p>Accounting Procedure; Posting the vouchers; Preparation of Branch Advice Requisitions (BARs); Responding of BARs; Balancing; Branch Adjustment Account Return (PRR 5);</p>
	7. General Charges	<p>Strict adherence to delegated powers on Revenue & Capital Expenditure, communicated from time to time is to be verified.</p> <p>Verification at random and comment on judicious use of sanctioning powers for revenue expenditure;</p> <p>Handling of GST in GC Vouchers as per HO Circulars.</p> <p>Recovery of certain charges from customers such as CERSAI charges / CIR charges etc and its accounting.</p>
	8. Interest paid, Commission and interest collected	<p>INTEREST PAID:</p> <p>Maintenance of Interest Paid Subsidiary; Preparation of Slips; Payment of Interest; Tax Deduction at Source in Respect of NRO Deposits; Interest Provision; Reporting of Excess / Short Provisions; Payment of Interest for Delay in Collection of Outstation Cheques / Instruments; Payment of Interest on Current Account Balances of Regional Rural Banks (RRBs); Interest Paid to Bankers ; Interest Paid on Trade Bills Re-Discounted (Under Trade Bills Re-discounting Scheme); Transferring Balances under Interest Paid Account to P&L Account; Returns – PRR 18A; Form No.26A Annual Return of deduction of tax from interest other than interest on securities; PSR-1 : Flash Report - Furnishing of figures relating to Salaries, Interest Paid & Interest Collected in monthly Flash Report; STR-11 : RBI Statement - Furnishing of Excess of Income over Expenditure / Expenditure over Income; Balancing;</p> <p>All reversals to Interest Collected; commission; Interest Paid; General Charges – 100%; Permission for reversals from competent authority.</p> <p>Guidelines for avoidance of income leakage as per Manual of instructions.; Manual collection of certain items of commission and service charges – whether done as per guidelines;</p> <p>Mandatory verification of all slips / vouchers on a day to day basis by branch officials; Test check of Slips prepared on Weekly basis - PRR – 18A; PSR 70.</p>

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		<p>Data quality of interest rates & schedule codes fed in CBS FCR & FCC.</p> <p>Trend analysis.</p> <p>study of cost of deposits and yield on advances of the branch; variations over the previous month / quarter;</p>
	9. Bankers Account	<p>Procedure for opening Banker's Account; Account with RBI / SBI; Remittance by discounting of funds to other Banks; Call Loans; Safe keeping of Double Lock keys at SBI; Accounts with other Banks; Management of Cash and Bank balances; Procedure for closure of current accounts with other Banks; Banker's Subsidiary; Banker's Pass Sheet ; Reconciliation ; Reporting – PRR 14; Loans from Banks and Financial Institutions; Role of Funds and Investment Section; General; GL subheads representing one banker (SBI 113660000, Public Sector Banks 113670000, and With Other Banks (India) 113680000).</p>
	10. Sundry Liabilities; Parking GL accounts	<p>Test check of debits : Accounts Payable – All sub-heads; Sundry Suspense - Details of sub-heads; Preparation of vouchers; Posting of vouchers; Balancing; Follow-up / Reporting of long pending items.</p>
	11. Miscellaneous Heads Of Deposit Accounts	<p>Overdue Deposits; Payment of overdue deposits; Unclaimed deposits; Balancing; PRR 18. Cash Margin on LCs / Guarantees - Interest provision on NNND; Write Back Of Long Pending Non-Credit Items;</p>
	12. Safe deposit Lockers	<p>All new lockers allotted during the month. Rent; Procedure for Hiring out; Books / Registers; Operations and Charges; Lockers in the Name different Types of Hirers; Safe Deposit Lockers hired out to staff members; Agent of a Hirer; Follow Up; Renewal of Hire; Surrender of Lockers ; Breaking open the Locker ; Templates & Tools which guide the breaking open of lockers; Death of Hirer / Settlement of Claims; Nomination facility; Variation and cancellation of nominations; Settlement of claims under nomination; General matters; Balancing; PRR 22 - Review and Return; Embossing the Name of the Bank and DP Code Number of the concerned branch on all the SDL Keys; Miscellaneous; Closure of Operative Accounts without surrendering SDL.</p>
	13. Settlement of death claims	<p>Claims received during the month whether settled promptly and correctly.</p>
	14. Verification of Vouchers / Slips	<p>Test check of vouchers of: Concurrent : two dates per week Continuous : 4 dates in a week and offer comments (indicate the dates of vouchers verified)</p>
	15. Government Business	<p>Concurrent Auditors have to verify commission claims in respect of Government Business handled</p>

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		by designated branches / Link branches and also accounts opened under Government Saving Schemes.
	16. Customer Service	Concurrent / Continuous Auditors are required to comment on customer service in the branch, customer complaints, pending cases under COPRA, Ombudsman etc.
	17. Operations in Staff Accounts	Concurrent / Continuous Auditors are required to verify operations in staff accounts and bring out abnormal operations and transactions required to be reported under CBOSR.
	18. Card Business	Auditors are required to comment on both credit card and debit cards, timeliness in processing of applications, disposal of cards / PIN mailers received, complaints etc
	19. Capability / Solvency Certificate	Exercise due diligence during the course of verification of supportive documents such as Passport, Visa, Bank statements etc.
	20 Conflict of Interest	<p>The conflict of interest generally refers to any situation involving hidden "self-dealing", "related third party transactions", "non-arm's length relationships" or "serving two masters that results gain to one party at the expense of another.</p> <p>Record and report the areas of breach of the Policy, systems and procedures stipulated for managing the conflict of interest in the functional areas of the branches / units.</p>
III.	ADVANCES – ALL LOANS, RUNNING LIMITS AND TERM LOANS	
	A. General 1. Appraisal & Documentation	<ul style="list-style-type: none"> i. Verification of pre-sanction inspection, credit investigation and due diligence by the branch; Credit Information Reports like CIBIL, RBI/CIBIL Defaulters list; Independent checking of certificates issued by third party entities/professionals and submitted by borrowers - verification ii. Verification of all loan documents (including renewals) as and when obtained with reference to sanctions. iii. Appraisal of Branch Sanctions verification of documentation including, the verification of compliance with terms and conditions of sanctions, availment of stamped receipts, resolutions and registration of charge in case of Corporate Advances, Insurance Cover etc. Pre-release audit; Stock / Credit audit observations; Legal audit observations; etc. iv. Whether Accounts are properly classified as Priority Sector / Non Priority etc., as per norms. v. Collection of appropriate charges for such CIRs Refer HO Cir 50/2021 dated 22.01.2021. vi. Coverage of the accounts under CGMSE / ECGC / Other credit guarantee schemes of government. vii. Data quality as per various ITIOs issued by the Wing. viii. Collateral Management of the branch / unit as per

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		various ITIOs issued by the bank.
	<p>B. Working Capital Limits (viz. <u>OCC / KCC / PL / PC etc</u>)</p> <p>1. <u>Review of accounts:</u></p>	<p>Review of Operations (Monthly) covering the following:</p> <p>a) Diversion of Funds b) Delegated powers followed or not. c) Return of Cheques / ECS debit for want of funds d) Verification of receipt of stock statements and arriving at drawing limit / power. e) Early warning signals in the account; Early Warning Signals for red flagging of account as per Cir 512/2015 f) Any other serious irregularities g) Special watch list/ weekly alert reports / special mention accounts h) Monitoring of accounts with excess drawings, monitoring of projects</p>
	<p>C. <u>Overdrafts / VSLs</u> (Against tangible securities) Review of Accounts</p>	<p>i) 100% checking of loans sanctioned during the month. Comment on review of share value on monthly basis. Test check (10 Accounts) of OD / VSL old accounts ii) Verification of accounts where margin has been eroded.</p>
	<p>D. Term Loans</p>	
	1. Review of Accounts	<p>i) Review Term Loans along with working Capital Limits enjoyed by the party; if any. Also, verify receipt of production and Sales statement, insurance, etc.</p> <p>ii) Review disbursements made.</p>
	2. Security Verification	i. Registration of mortgages with CERSAI and returning the EMT document
	E. <u>Bills Purchased:</u> (Including Foreign Bills)	
	1. "Review of individual Accounts"	<p>Verify as and when limits are renewed/ sanctioned.</p> <p>i. Bills Purchased party wise limit & liability. ii. Whether Sanction particulars limits sanctioned, tenability of limit, rate of interest are correctly fed in the system iii. Whether any transgression in the limits fixed. iv. Verification of OPLs, PA, STAMPED Indemnities, etc.</p>
	2. Verification of Interest / Commission collected	<p>Verify Interest / Commission collected in respect of all bills limits as under:</p> <p>i) 100% coverage in respect of limits Liability of Rs.1.00 Lakh and above. ii) Less than Rs.1.00 Lakh as per norms. iii) FDB/FBE's/Import Bills- 100% to be verified</p>
	3. Review of overdue and returned Bills:	<p>i. Take up the review of overdue bills- Monthly. ii. Furnish brief resume of overdue iii. bills outstanding as on the date of inspection. iv. Test check adjustment of returned bills and offer your comments. v. Report deficiencies in reporting Review Bills returned with reference to bills dishonored register to see how they are adjusted.</p>

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		<ul style="list-style-type: none"> vi. Timely de-linking of Bills (both import and export bills) vii. Pending GRs viii. Receipt of book-debt statements and review.
	4. Review of Bills tendered for discount / negotiation :	<p>Verify the bills received and lodged (before they are dispatched) to look into whether bills are drawn properly and they are accompanied by approved LRs, whether they are of accommodative nature etc. (Continuous: Few bills of each party to be checked on day-to-day basis so as to cover all parties in a month).</p> <p>Instances of Kite Flying operations to be reported.</p> <p>The overdue bills are properly reported in Special Watch Statements.</p>
	F. Review of other loans and Advances – like LHVs, VSLs against tangible securities term deposits NRE Deposits, Educational loans and other schematic loans like Canara Budget, Teachers' Loan, etc.	<p>Verify compliance to laid down guidelines relating to eligibility, rate of interest, repayment period and other norms.</p> <p>Account-wise deficiencies to be recorded</p>
IV. Non-Fund Based limits – like LCs / Guarantees / DP Guarantees etc.		
		<ul style="list-style-type: none"> i. Verification of LCs / Guarantees issued with reference to Sanction, Margin, Commission collected format of guarantees, protective clause, issuing through SFMS etc.; Whether any LC/BG issued without capturing the same in CBS. ii. Verification of follow-up process. iii. Devolved liabilities and follow-up action iv. Expired Guarantees / LCs
	V. Foreign Exchange	<ul style="list-style-type: none"> a) Packing Credit / PCFC – as done in working capital limits –100% checking b) FDB / FBE / BRD – as done in the case of bills – 100% checking c) Import bills / FLCs –100% checking d) Remittances including advance import remittance – 100% e) Returns submission – 100% f) Verification GR forms / BoE – 100% and collection of charges g) Form A1 <p>In the case of Designated Branches (DB), the checklist advised for such branches shall be followed for guidance.</p>
	VI. Loan Recovery Policy: Classification of NPAs.	<p>Verify the compliance level of guidelines relating to action under SARFAESI Act and transfer of eligible accounts to LPD by branches and record suitable observations of the comments invariably. (ITIO 3 / 2010).</p> <p>The classification of assets in the case of all the Loans and advances is system driven Auditors have to verify whether the branch is following IRAC norms and the Assets have been classified correctly. Deviations, if any, to be reported.</p>

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Security Verification Norms to be followed at Branches / RAHs / MSME Sulabhs / ACCs, etc.:

1. 100% verification of all the immovable securities* (prime / collateral) which are mortgaged during the review period.
2. 100% verification of all units of MSME loans of Rs.10 lakh and above sanctioned during the review period and a certificate is to be given by the concurrent auditor regarding the existence and functioning of the unit (in case of MSME Sulabhs, only units of end-to-end sanctioned loans are to be verified)
3. Minimum 25% verification of movable securities in case of loans above Rs.10 lakh sanctioned during the review period.
4. All Government sponsored loans and loans backed by any sort of Govt. subsidy sanctioned during the review period are to be verified by External Concurrent Auditors / Inspecting Officials.
5. Concurrent / Continuous Auditors shall not avoid security inspection/verification on the pretext of outstation property; other state property, etc. Constraints in this regard, shall be escalated to zonal Inspectorates, in writing, for remediation/clarification.
6. Verification of immovable securities* / units (prime/collateral) pertaining to all the accounts slipped to NPA during the previous month.
7. Any adverse comment by concurrent / continuous auditor regarding non-cooperation / wilful delay by branch officials for security verification shall be treated as a serious matter by the COs / ROs and dealt appropriately as a prudent fraud prevention measure.

**excluding securities mortgaged for crop cultivation purpose*

Apart from the above, during Concurrent Audit of the branches, the Concurrent Auditor shall also verify the following. In case of any deficiencies, the same shall find a place in the Concurrent Audit report.

- Conduct of Employees
- Mis-selling of Products
- Monitoring of accounts with excess drawings
- Monitoring of Projects
- Compliance with Foreign Account Tax Compliance Act (FATCA) and Common Reports Standards (CRS)
- Monitoring of transactions in monitoring of transactions in new accounts/staff accounts
- Reporting of STR
- Compliance to RBI guidelines and internal Policy guidelines issued from time to time

Return No. 4A, 4B and 4C (Capital Adequacy Statements) generated in the system and comment on accuracy of the data.

NOTE: *The scope as specified above is only indicative and not exhaustive.*

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SCOPE FOR CONCURRENT AUDIT – RECONCILIATION VERTICAL

01. Concurrent Audit is an examination which is contemporaneous with occurrence of transaction or is carried out as near there-to as possible.
02. It attempts to shorten the interval between a transaction and its examination by an independent person not involved in its documentation.
03. There is an emphasis in favour of substantive checking in key areas rather than just checking.
04. This Audit is essentially a management process integral to the establishment of sound internal accounting functions and effective controls and setting the tone for a Vigilant Internal Audit to preclude the incidence of serious errors and fraudulent manipulations.
05. Concurrent Audit system is regarded as part of Bank's Early Warning System to ensure timely detection of irregularities and lapses, which helps in preventing fraudulent transactions at branches.
06. In determining the scope of Concurrent Audit, importance is to be given to checking High Risk / High Volume transactions having large financial implications on a real time basis.
07. Under the CBS the vulnerability of the organization to High Value frauds due to easy access to data base on the entire customers / non-customers of the Bank has increased substantially. Therefore, the Concurrent Audit shall have (a) suitably tested technological tools and (b) experienced manpower
08. The IO/ ECA has to refer the Bank's Concurrent Audit manual updated upto 31.03.2025 for the general understanding of the nature of Concurrent / Continuous Audit work, the general topics to be covered, general internal control aspects, IOs roles and responsibilities, do and don'ts; Quality audit, General Functions, instructions for reporting; Abbreviations used in our Bank; etc.
09. IO/ ECA has to comply with the requirements informed to him through banks ITIO, Guidelines to HO Inspecting Officials - GTIO, etc. (which are updated in the Inspection Wing page of Cannaet, bank's intranet).
10. **Broad Coverage Norms applicable to Reconciliation Vertical:**
 - I. **ATM Issuer & Acquirer (Visa/Master) and Rupay Transactions Reconciliation Section**
 - **NFS and RUPAY Reconciliation Section**
 - Verification of end to end **Reconciliation**, settlement & accounting of all digital banking transactions pertaining to the section.

- Verification of compliance of all Regulatory/Statutory guidelines and guidelines of Network associates.
- Verification of Compliance statements/ returns/ data.
- Verification of chargeback's and disputed transactions, Debit and Credit card failed transactions reversal, insurance claim/ liability shift of unauthorized/fraudulent transactions.
- Verification of settlement of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc. regarding Digital transactions.
- Verification of settlement of Unauthorized EBT/ Fraudulent NFS/Rupay ATM/Debit card transactions.
- Verification of accounting of all income, expenditure, Service Tax/GST etc and any other tax compliance regarding digital transactions.
- Verification of interchange fee/commission receipts and accounting w.r.t. taxation.

➤ **NFS & RuPay Issuer Disputes**

- Verifying all Issuer Debit Card Chargebacks raised in NPCI System lodged in CCR System/ Help Desk /raised by customers through other channels like CPGRS/mail etc.
- Verifying all issuer NOD (Network outstanding Debits) chargebacks raised.
- Verify whether NPCI timelines of issuer chargebacks are maintained.
- Verification of pre-arbitration, arbitration timelines as per NPCI guidelines.
- Verification of disputed transactions credit received and its credit to customer account immediately are as per TAT of NPCI/RBI.

➤ **NFS & RuPay Acquirer Disputes**

- Verify charge back received in NPCI system.
- Verify whether section is providing EJ, images & other necessary documents.
- Verification of Pre arbitration, arbitration, PRD.
- Verification of Credit/Debit adjustments raised.
- Verification of balancing of GLs allotted to the section.

➤ **Insurance & Frauds related to all Canara Cards (Credit, Debit & Prepaid cards)**

- Verification of all insurance claims/ disputes related to Cancare, Lost card insurance, RuPay Card insurance.
- Verify all card Unauthorized EBT/ Fraud related matters including reporting, Insurance claim, compensation, Ombudsman Or Consumer Redressal Forum matters etc.

II. VISA & Mastercard Reconciliation Section

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- Verification of end to end reconciliation, settlement & accounting of all digital banking transactions pertaining to the section.
- Verification of compliance of all Regulatory/Statutory guidelines and guidelines of Network associates.
- Verification of Compliance statements/ returns/ data.
- Verification of chargeback's and disputed transactions, Debit and Credit card failed transactions reversal, insurance claim/ liability shift of unauthorized/fraudulent transactions.
- Verification of settlement of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc. regarding Digital transactions.
- Verification of settlement of Unauthorized EBT/ Fraudulent NFS/Rupay ATM/Debit card transactions.
- Verification of accounting of all income, expenditure, Service Tax/GST etc and any other tax compliance regarding digital transactions.
- Verification of interchange fee/commission receipts and accounting w.r.t. taxation.

➤ **VISA & Mastercard Issuer Disputes**

- Verifying all Issuer Debit Card Chargebacks raised in MASTER/VISA System lodged in CCR System/ Help Desk /raised by customers through other channels like CPGRS/mail etc.
- Verifying all issuer NOD (Network outstanding Debits) chargebacks raised.
- Verify whether VISA/MASTER timelines of issuer chargebacks are maintained.
- Verification of pre-arbitration, arbitration timelines as per VISA/MASTER guidelines.
- Verification of PRD management.
- Verification of disputed transactions credit received and its credit to customer account immediately are as per TAT of VISA/ MASTERCARD /RBI.

➤ **VISA & Mastercard Acquirer Disputes**

- Verify charge back received in VISA/MASTER system.
- Verify whether section is providing EJ, images & other necessary documents.
- Verification of Pre arbitration, arbitration, PRD.
- Verification of Credit/Debit adjustments raised.
- Verification of balancing of GLs allotted to the section.

III. ATM/Cash Recycler "ON US" Cash Transactions Reconciliation Section

- Verification of end to end reconciliation, settlement & accounting of all digital banking transactions pertaining to the section.

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- Verification of compliance of all Regulatory/Statutory guidelines and guidelines of Network associates.
- Verification of Compliance statements/ returns/ data.
- Verification of settlement of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc. regarding ATM/Cash recycler related transactions.
- Verification of chargeback's and disputed transactions, Debit and Credit reversals of failed transactions, insurance claim/liability shift of unauthorized/fraudulent transactions.
- Verification of Unauthorized EBT/Fraudulent ATM/CR/BNA transactions as per Bank/Regulatory guidelines.
- Verify whether all EJ are received and provided to Recon Vendor.
- Verify whether ATM/ Cash Recycler GL, ATM/ Cash Recycler Load, ATM/ Cash Recycler Balance files are downloaded and C3R report received from branches/Vendors.
- IO to verify the following activities done by the section:
 - Monitoring and ensuring 100% usage of Admin card.
 - Coordinating with ATM/ Cash Recycler Nodal Cell/Branch for Diversion Reports
 - Coordinating with ATM Opex Vendors for recovery of amount.
 - All Capex/Opex ATMs/ Cash Recyclers are tallied promptly well before the TAT/(T+5) days.
 - Handling unaccounted/unclaimed Excess Cash in SL-Recon GL (209271070) in respect of ATM/CR/BNA.
 - Handling & daily monitoring of all GLs pertaining Capex/Opex ATM/CR/BNA.
- Verification of reconciliation of exceptional transactions (ON US & OFF US transactions).

IV. Credit Card & Prepaid Card (ITPC, NETC, Gift Card etc.) Reconciliation Section

- Verification of end to end reconciliation, settlement & accounting of all digital banking transactions pertaining to the section.
- Verification of compliance of all Regulatory/Statutory guidelines and guidelines of Network associates.
- Verification of Compliance statements/ returns/ data.
- Verification of settlement of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc. regarding Credit Card/Prepaid card related transactions.
- Verification of chargeback's, arbitration and disputed transactions, Debit and Credit reversals of failed transactions, insurance claim/liability shift of unauthorized/fraudulent Credit card/Prepaid card transactions.
- Verification of Unauthorized EBT/Fraudulent Credit card/Prepaid card transactions as per Bank/Regulatory guidelines.

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- Verification of accounting of all income, expenditure, Service Tax/GST etc and any other tax compliance regarding Credit card/Prepaid card transactions.
- Verification of all functional aspects of Credit Card/Prepaid card transactions like GIFT CARD, Wallet, DOMESTIC PREPAID INSTRUMENTS, NETC (FASTAG), ITPC except card issuance, card management viz card account maintenance and transaction authorization function.
- Verification of ITPC function including load, reload, funding and NOSTRO account for settlement of transactions.
- Verification of reconciliation of both day books i.e. CBS and Polaris.
- Verification of all works related to Canara International Prepaid Travel card (ITPC) & NETC (FASTAG) including reconciliation, settlement, dispute resolution, managing Bankers Account -other than Card Issuance.
- Verification of daily mandatory reports and accounting remittances received through all permitted remittance modes like NEFT/ Canara Saathi, CANDI- Mobile Banking app in the respective cards for card dues.
- Verification of all works related to Canara Credit Cardholders insurance like Cancomfort, Canmedicclaim etc., renewal including dispute resolution & claims.

V. ONLINE BANKING CHANNELS DIVISION:

VI. UPI and CBDC Transactions Reconciliation Section

- Verification of End to End reconciliation & Settlement of all Internet banking, Mobile banking & UPI (Bhim, QR etc.) transactions and dispute resolution & management of related GLs including balancing.
- Verification of refunds of failed transactions regarding the Digital Banking services handled by the Section as per the TAT stipulated by RBI/NPCI/Network Associates.
- Verification of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc. regarding Digital transactions.
- Verification of chargeback's and disputed transactions, Debit and Credit reversals of failed transactions.
- Verification of compliance of all Regulatory/Statutory guidelines and guidelines of Network associates.
- Verification of Compliance statements/ returns/ data.
- Verification of TDS related matters and its returns.
- Verification of office notes of all vendor payment relating to the section.

VII. IMPS, AEPS & BBPS Reconciliation Section

- Verification of End to End reconciliation & Settlement of all IMPS, AEPS & BBPS transactions and dispute resolution & management of related GLs including balancing.

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- Verification of refund of failed transactions regarding the Digital Banking services handled by the Section.
- Verification of settlement of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc. regarding Digital transactions.
- Verification of chargeback's and disputed transactions, Debit and Credit reversals of failed transactions.
- Verification of compliance of all Regulatory/Statutory guidelines and guidelines of Network associates.
- Verification of Compliance statements/ returns/ data.
- Verification of TDS related matters and its returns.
- Verification of office notes of all vendor payment relating to the section.

VIII. Payment Gateway and Nuclei Section

- Verification of End to End reconciliation, Settlement, accounting and dispute resolution & management of related Current Accounts & GLs including balancing as per Bank's guidelines of all payment gateway transactions.
- Verification of payment gateway commission / fee received.
- Verification of settlement of customer queries / complaints received through E mails/phone calls regarding Payment Gateway transactions.
- Verification of Prompt refund of failed PG/E-com transactions as per TAT guidelines of RBI.
- Verification of End to End reconciliation, Settlement, accounting and dispute resolution & management of related Current Accounts & GLs including balancing as per Bank's guidelines related to Nuclei transactions.
- Verification of Prompt refund of failed Nuclei transactions.

IX. Merchant Payment Accounting, Reconciliation & Settlement Section

- Verification of End to End reconciliation, Settlement & accounting of all Merchant transactions and dispute resolution & management of related GLs including balancing.
- Verification of refund of failed/disputed transactions regarding the Digital Banking services.
- Verification of settlement of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc.
- Verification of chargeback's and disputed transactions, insurance claims, Debit and Credit reversals of failed transactions, unauthorized EBT including fraudulent transactions.
- Verification of compliance of all Regulatory/Statutory guidelines and guidelines of Network associates/RBI/Govt/Other regulators.
- Verification of Compliance/Regulatory/Statutory statements.
- Verification of TDS related matters and its returns.
- Verification of office notes of all vendor payment relating to the section.
- Verification of write-off/write-back of Non-credit items.

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- Verification of Accounting, Reconciliation & Settlement of ME PoS & Bharat QR, Bhim Aadhaar PoS, UPI, Bhim QR, Payment gateway, Bharat Bill Payment System.

X. Payment Systems Reconciliation Section (RTGS/NEFT etc)

- Verification of End to End reconciliation & settlement of RTGS & NEFT (24 X 7 X 365) transactions and dispute resolution & management of related GLs including balancing.
- Verification of settlement of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc.
- Verification of refunds of failed transactions.
- Verification of compliance of Inspection remarks, RBI & other regulators guidelines for RTGS, NEFT and SFMS.
- Verification of monthly/quarterly returns/statements.
- Verification of redressal of customer complaints on RTGS/NEFT.

XI. CBS Inter Bank Reconciliation Section

- Verification of End to End reconciliation, settlement & accounting of interoperable CBS functions between Canara Bank & E-Syndicate branches during CBS migration.
- Verification of compliance of Regulatory/Statutory guidelines and compliance statements/returns/data.
- Verification of settlement of disputes emanating in CPGRS, Canara Tech Support (CTS), MD & CEO's Secretariat, Ombudsman, Consumer forums etc.
- Verification of relevant GLs required for CBS interoperability functionalities enabled for amalgamation of E-Syndicate with Canara Bank.
- Verification of accounting entries passed for the interoperability transactions between Canara Bank & E-Syndicate.
- Verifying that all GLs are restricted to DPCD 33, i.e the Nodal branch for the interoperability functionalities.
- Verification of reconciliation of the interoperability transactions, ensuring balance in all the system GLs is zero.

XII. Recon Help Desk

- Verification of the functions and day to day works related to Recon help desk.

XIII. GL Oversight and SA Section

- Verification of Clearing differences (local clearing & LCCR), Bankers account reconciliation, write off/ write back of non-credit items.

XIV. DEA Fund Section, CTS Clearing Section, IBAR and DDR Section

- Verification of works related to these sections.

XV. Unauthorized Electronic Banking Transactions (UEBT) Section; Planning, Compliance & Governance section and GST Recon section

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- Verification of works related to these sections.

- XVI.** Verification of Secretariat related work of the Vertical.
- XVII.** ECA shall also verify the periodical updation advised by HO – Functional Wings and Inspection wing / RBI etc.
- XVIII.** In addition to the above, ECA shall also review the operations in the GL heads specifically Sundry assets pertaining to Head Office and Circle Office during the Continuous audit and comment on the deviations if any, such as usage of the GLs for non-mandated purposes, unreconciled status, manual intervention if any in the SA heads which were stated automated, etc.

Further, upon verification of the transactions and reconciliation status of these SA, GL heads, ECAs are advised to submit the report on daily basis to the Reconciliation Vertical marking a copy to our Inspection Wing.

NOTE: *The scope as specified above is only indicative and not exhaustive.*

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Scope for Continuous Audit of Credit Card Applications:

1. Check whether duly signed application form with all mandatory columns filled is obtained from the customer.
2. Verify the correctness/completeness of the uploaded application in LAPS module.
3. Check if one of the specified income proofs is obtained and uploaded and also ensure the genuineness of income.
4. Check if sanction is done as per Credit Card Policy and delegation of powers.
5. Verify whether sanctioned credit cards are reviewed by the competent authority.
6. Verify if enhancement of credit card limit is done as per the credit card policy and delegation of powers.
7. Check whether Pre-Approved Credit Card data is as per the approvals taken from the Competent Authority.
8. Verify whether consent is captured for all credit cards issued through digital modes like pre-approved credit cards.
9. Check whether Pre-approved credit cards issued are within the identified data.
10. Verification of CIC and eligibility of borrower as per the Policy.

NOTE: *The scope as specified above is only indicative and not exhaustive.*

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Scope for Continuous Audit of V-Cip for Online Account Opening Through Canara Online Account

1. Ensure the photograph of the customer captured is of the live customer on Video call.
2. Check whether minimum threshold face match percentage of 50% in case of PAN & 75% in case of Aadhar with the live photo is maintained.
3. Verify the original Aadhar Card displayed in the Video call with that of the Aadhar generated by UIDAI.
4. Verify the original PAN Card number displayed in the Video call with the NSDL API data.
5. Check whether any Printed Copy of Aadhar / PAN Card is shown in the Video Call which is not valid. (Note: E-document including E-PAN if shown is not valid)
6. Check whether the signature is put by the customer on the blank paper in front of the camera in the Video call.
7. Check whether the minimum set of 5 random questions (Auto-populated during V-CIP process) from the list of 14 questions given below are asked to the customer in the Video call and whether the replies given by the customer are matching with the data submitted in the application form.

The list of 14 questions from which the 5 random question will be auto-populated during the V-CIP process are:

- i. Name of the customer.
 - ii. Date of birth.
 - iii. Father's Name.
 - iv. Mother's Name.
 - v. Mobile Number.
 - vi. E-mail ID.
 - vii. Marital Status & Spouse Name.
 - viii. Education details.
 - ix. Occupation / Line of business.
 - x. Employed with / Organization Name.
 - xi. Communication address & Permanent address.
 - xii. Gross Annual Income.
 - xiii. Nominee Name, Contact Number & Relation with the customer.
 - xiv. If Nominee is Minor, Guardian's Name & Address.
8. Check whether customer declaration is obtained for communication address if it is different from the Permanent address captured from the Aadhar.
 9. Check whether geolocation of the applicant is matching with either of the 3 addresses i.e., Communication / Aadhaar / Branch during Video KYC else, the application to be rejected with reasons "Location mismatch – Customer to approach the opted branch for opening the account."

The V-CIP process is proposed in 9 languages i.e., English, Hindi, Telugu, Tamil, Malayalam, Bengali, Kannada, Gujarati and Marathi. However, initially it will be available in 6 languages viz., English, Hindi, Telugu, Tamil, Malayalam and Kannada.

NOTE: The scope as specified above is only indicative and not exhaustive.

SCOPE OF AUDIT FOR SWIFT RELATED OPERATIONAL CONTROLS

S. No.	Controls prescribed for SWIFT Environment
I.	GENERAL CONTROLS
1.	Appropriate time restrictions shall be implemented for access to SWIFT. Prudent restrictions on currency-wise message limit shall also be implemented in SWIFT as per the business requirement.
2.	<p>Banks shall strictly avoid the practices of direct creation of payment messages (all messages irrespective of the message format having financial implications to one / more banks in such transaction) in the SWIFT environment. All payment messages shall be made with necessary appropriate entries passed in the CBS / accounting system.</p> <p>Straight Through Processing between CBS / accounting system and SWIFT messaging system, if pending, shall be completed expeditiously.</p>
3.	It may be ensured that the users entering / passing / authorising the transactions in CBS are different from those operating in SWIFT (if CBS integration is still pending or if CBS is integrated and final authorisation is done on SWIFT).
4.	At any point of time, list of authorised users of SWIFT along with user privileges should be readily available and the usage shall be monitored closely. Review of the authorised users may be done periodically. The user privileges for SWIFT users shall be decided on “need to know / need to do” basis. No generic user IDs should be used.
5.	<p>The users with administrative privileges including privileges to create user ids, update / modify roles / privileges of user-ids in any system, application of the bank having financial implication (such as CBS, Treasury, SWIFT, accounting system) shall not have any operational role and responsibility defined. The operational roles shall include but not be limited to creation / updations / modification of transactions / payment / confirmation messages either directly in the system or through file upload process.</p> <p>Such users with administrative privileges shall be centralised with access given to limited set of internal staff and their operations shall be subjected to concurrent audit on daily basis.</p>
6.	Strict compartmentalisation shall be introduced and followed at all times between maker / checker and verifier / approver.

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	No roles across the users accessing the SWIFT and/or CBS shall be violating principle of need to have / segregation of duties, four / six eye principle and no user shall be allocated roles / privileges across systems, applications that are conflicting in nature or in violation of four eye principle.
7.	The transaction logs (of outward payment messages) shall be archived from the SWIFT server (whichever SWIFT environment is used by the bank) in order to prevent misuse of existing logs by any potential intruder.
8.	<p>To institute appropriate control framework to ensure that SWIFT messages are transmitted only after accounting for the transactions in their books / CBS / accounting software.</p> <p>Banks shall ensure that all the logs generated from SWIFT system are reconciled 100% for all financial and non-financial messages independently by either the internal audit team of the bank or concurrent auditors (which are further reviewed by internal audit team) on daily basis. Such reconciliation shall ensure that all transactions / messages / files having implications on the exposure of the bank – both Fund based and Non-Fund based are matched with corresponding limit set as well as entry is passed in the CBS / accounting system of the bank.</p> <p>All corporate customers shall have their fund based / non-fund based limits set and monitored centrally by risk management function of the bank. On a weekly basis, the risk management function shall monitor the limit utilisation through appropriate mechanism.</p>
9.	Bank shall analyse and examine unusual trends such as frequent requests for password resetting, recurring printer failures, etc. Appropriate procedure should be instituted for password resetting including recommendation from a senior level, recording of reasons for the request, etc.
10.	Banks shall keep the Nostro balances at levels appropriate for the business. Some banks have found having two separate accounts for customer payments and treasury operations useful in this regard.
11.	Dependence on the vendors for day to day transactions shall be avoided. Access to production systems shall be provided to vendors only in a controlled environment. Such access shall be recorded and maintained for the review of auditors / RBI, etc.
12.	Banks shall institute a mechanism to post officials in sensitive areas only after providing requisite training and exposure.

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II. CONTROLS AT PRE-TRANSMISSION STAGE(i.e., BEFORE SENDING PAYMENT MESSAGES TO BANK WITH WHICH NOSTRO ACCOUNT IS MAINTAINED)	
1.	A limit on the payments that have individuals as beneficiaries shall be determined beyond which the correspondent bank shall be asked to seek positive confirmation from the remitting bank before effecting payment.
2.	Banks shall introduce an additional layer of approval for all payment messages exceeding a particular threshold, which can be decided internally on the basis of business volumes and trends. Such approval shall be preferably centralised at a nodal department.
III. CONTROLS POST TRANSMISSION OF PAYMENT MESSAGES	
1.	Reconciliation of payment messages shall be undertaken every 1-2 hours by comparing the outward messages with SWIFT confirmations.
2.	Nostro reconciliation shall be undertaken on real time basis and the escalations of differences, if any, identified should be done immediately.
IV. TECHNICAL ASPECTS	
1.	<p>Security Incident and Event Management (SIEM) tool should be integrated with the concerned servers and consoles / PCs connected to critical systems directly in its VLAN to generate automatic alerts.</p> <p>Banks shall integrate SWIFT system with Privileged User Management Systems / Identity and Access Management systems. The logs of the same shall be monitored through Security Operation Centre (SOC) setup.</p>
2.	Banks shall subscribe to online monitoring services of correspondent banks so as to monitor the transactions as they happen.
3.	Banks shall continuously monitor the functioning of printer(s) used in auto report printing in SWIFT environment for printed confirmation of transactions put through.
4.	Time restrictions shall be enforced for SWIFT transactions at least for outward messages. While implementing time restrictions, it shall be ensured to check for genuineness of all outward messages.
5.	The network hosting SWIFT and its terminals shall be secured with restricted access and appropriate, strict rules being set in firewall, router, etc.

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6.	Banks shall put in place a system to generate alerts on breach of any control limits as well as any other unusual feature in the transactions / messages.
7.	Banks shall audit the SWIFT / Nostro transactions for any anomaly by sourcing the data in raw form from the originating system (rather than merely depending upon MIS outputs, which could be prone to data inconsistency).
ADDITIONAL POINTS	
1.	Whether the SWIFT channel configuration and architecture are reviewed periodically in line with SWIFT's best practices, and the latest security updates have been implemented promptly.
2.	Whether the staff involved in SWIFT transaction processing are sufficiently trained and vigilant to detect and respond to fraudulent transactions.
3.	Whether the deficiencies identified during the compliance attestation exercise related to the Customer Security Controls Framework (CSCF) have been addressed and rectified on priority.
4.	Whether alerts received from SWIFT's Information Sharing and Analysis Centre are being adequately monitored and acted upon in a timely manner.
5.	Whether any sudden increases in messages across specific corridors or particular combinations of sending banks and beneficiary countries are being promptly detected during the processing and reconciliation of SWIFT transactions.

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