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PROFESSIONAL EXCELLENCE

C.V.O.CA'S

NEWS & VIEWS

FOR MEMBERS / SUBSCRIBERS / VOL. 26 - NO. 7 JANUARY 2023

From President's Desk...

Dear Professional Colleagues and Readers,

Our association has launched a unique program "SAATHI HAATH BADHANA – Joy of Giving" on 20th December 22. The Program is aimed to inculcate a habit of charity within our society. When we look around, we see many are deprived of very basic needs such as food, clothes and medical facilities, at the same time we are so lucky to have our needs met end and on top of it we save for future contingencies. Did we ever ask ourselves, why there is so much discrimination? Shall we do something to at least support those families?

I believe if each of us starts feeling sensitive to these families, I am sure the world will be a better place to live.

The drive will continue till March 24 and all donations from July 1' 22 till March 24 will be considered for the Program.

All details have been communicated to members earlier via messages. However, there are still many miss-concepts about the program. I thought to clarify some of them:

a. Is CVOCA going to collect funds and give them to a charitable trust?

   No, CVOCA is not expecting you to donate to CVOCA. CVOCA will encourage members to continue the charity of their own choice. Association will only compile details of charity being done by the members and publish a report on a periodic basis.

b. How do members report their donations?

   Association has designed a dedicated portal where member can enter their charity details. Members will have their dedicated login and periodically there will be reminder emails. Members can visit http://cvoca.oneroof.tech/user/login for further details.

c. Will my charity remain confidential?

   Absolutely, very limited members have admin rights with access to reports. The reports will be accessed only for publishing summary data.

d. Who can contribute

   CA members, their spouses, lineal ascendants and descendants and their spouses (children, parents covered). In the case of married daughters, their parents and in-laws can also be covered

   Firms / companies in which CVOCA members are partners, executive directors;

   Companies in which our members are controlling shareholders / directors.

e. Which all charities are covered?

   Charity with all charitable and religious trusts / institutions, including village mahajans are covered.

   I would request everyone to get in touch to any of the managing committee members for any doubts or clarifications.

Further, I would like to take this as an opportunity to announce certain upcoming events:

Dadar East CPE Study Circle has announced 3 days RRC at Pune – Chakan. 2 night - 3 days RRC will cover very important topics on practice management, including Important case studies on Income Tax, audit and assurance etc.

We have already announced a mega-family event. An inter zone competition with some games dedicated for spouses and children of the members. The program will be on 3rd and 4th week of April 23. Request all members to join the event.

Thank you all..... Always in Gratitude

January 1, 2023

CA Amit Chheda

BANK AUDIT & CSR

JUDICIAL SYSTEM – WHAT'S WAY FORWARD?

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FROM THE DESK OF CHAIRMAN

India is on road map to extra ordinary growth trajectory and wishing to cross 5 trillion dollar economy in near future. India is undoubtedly on fast development mode. However, India's judicial system and justice delivery system is marred by very high pendency of cases, very time consuming and lethargic process of justice delivery and various other issues, ultimately making its citizens, businesses, investments suffer and practically justice is so much delayed many times which is as good as denied. The woes are further escalated with conflict between Government and the Supreme Court Judges on the appointment of judges which at present is done as per "collegium system". With no new judges being appointed, the problem is only aggravated.

We may be aware that the Supreme Court Collegium is a five-member body, which is headed by the incumbent CJI and comprises the four other senior-most judges of the court at that time. A High Court collegium is led by the incumbent Chief Justice and two other senior-most judges of that court. By its very nature, the composition of the collegium keeps changing. Judges of the higher judiciary are appointed only through the collegium system, and the government has a role only after names have been decided by the collegium. Names recommended for appointment by a High Court collegium reach the government only after approval by the CJI and the Supreme Court collegium. The role of the government in this entire process is limited to getting an inquiry conducted by the Intelligence Bureau (IB) if a lawyer is to be elevated as a judge in a High Court or the Supreme Court. The government can also raise objections and seek clarifications regarding the collegium's choices, but if the collegium reiterates the same names, the government is bound to appoint them. The collegium system evolved out of a series of judgments of the Supreme Court that are called the "Judges Cases". The collegium came into being through the interpretations of the relevant provisions of the Constitution that the Supreme Court made in these Judges Cases. Critics have pointed out that the system is non-transparent, since it does not involve any official mechanism or secretariat. It is seen as a closed-door affair with no prescribed norms regarding eligibility criteria, or even the selection procedure. There is no public knowledge of how and when a collegium meets, and how it takes its decisions. There are no official minutes of collegium proceedings.

Until 1973, there existed a consensus between the Government of the day and the Chief Justice of India. A convention was formed where the senior-most judge of the Supreme Court was to be appointed as the Chief Justice of India. But this practice was suddenly broken by the government when Justice A.N. Roy was made Chief Justice of India after superseding three senior judges of the Supreme Court i.e. Justice Shelat, Justice Hegde, and Justice Grover. After this decision of the government, there went huge debate across the whole of India that is there executive interference prevailing in the matter of appointment of a judge of the Supreme Court? This resulted in a clash between the Executive and the Judiciary.

In 2014, the government tried to replace the collegium system with the National Judicial Appointments Commission (NJAC) through the 99th constitutional Amendment Act. The commission was to consist of the CJI, two Supreme Court judges next in seniority to the CJI, Union Law Minister and two eminent jurists. However, in 2015, the Supreme Court has declared both the 99th Constitutional Amendment as well as the NJAC Act as unconstitutional and void. Consequently, the earlier collegium system became operative again. This verdict was delivered by the Supreme Court in the case Supreme Court Advocates-on-Record Association and another Vs. Union of India (2015). The court opined that the new system (i.e., NJAC) would affect the independence of the judiciary.

It can be seen that there are definitely some flaws in the Collegium System as criticised. But it cannot be very difficult to bring the things on track, by both Judiciary and Executives sit down and work on each others' concerns and address the same with rightful approach. The concern that present system is opaque is right, at the same time delaying appointments of judges has its own negative impact and people are the sufferers. There are 7 times more judges per 1,00,000 persons in USA than India. It is believed that it will take another 30 years to deal with present pending criminal cases, and most civil cases will remain unresolved at current rate of disposal. This is very precarious situation. On the other hand, Central Government is facing contempt case for sitting on appointments and this is definitely not desirable.

Another issue with present judicial system is that very low number of working days, coupled with very low daily working hours. Long vacations enjoyed by judges over and above other holidays is not good for nation, and definitely not desirable with huge pendency of cases which are presently more than 4.31 crores in different courts in India, not to mention lakhs and crores of cases in various lower forums such as Tribunals etc. Also, administration of courts is not people friendly.

A reform in the judicial system is required to urgently address the present flaws and the judiciary shall work it out with the Government as to how the whole justice delivery system can be improved to make it faster, more transparent, free of nepotism, people friendly, reform of lower courts and with accountability on part of lawyers and judges and supported by strong investigative agencies.

If India has to thrive, stronger judicial system is a must.

Thank you all..... Always in Gratitude

CA Ketan Rambhia

LONG FORM AUDIT REPORT – LFAR FOR BANK BRANCHES

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Long form Audit Report (LFAR) is Management Report submitted by Bank Auditors at Branch level. Reserve Bank of India had originally introduced system of LFAR submission by auditors in way back in 1985, same was subsequently revised in 1993, 2003 and 2020.

Branches LFAR are consolidated and Bank level LFAR is prepared. For branches that are below cut off level for statutory audit, LFAR is to be prepared by concurrent auditors. LFAR serves as vital tool for auditors and their team members, Auditors have to offer comments / feedback on the Profit & Loss Account, Balance sheet, Advances and all other matters. LFAR has questions for specialised branches such as Forex Branches, Service Branches and Branches having large advances. Normally auditors verify and offer their comments on the details complied by the branch management.

Normally audit team should go through LFAR well in advance and study the same thoroughly. Before any area is started, questions to be answered in LFAR should be kept in mind. Check list based on questions can be prepared same will help as ready tool for verification of that area by audit team. While replying to the questions LFAR auditor must be clear in his thoughts and to the point. Answer should be descriptive and Yes / NO/ Not applicable type of replies should be avoided. General comments / copy paste of previous should be strictly avoided. All irregularities pointed out should be specific and given with examples. Many time auditors are giving cross references in LFAR / of LFAR in other report, that needs to be avoided. Main Auditors Report is self-contained document. Same way matters of Main Statutory Auditors Report should not be reported in LFAR. Matter concerning subject of qualification and affecting true & fair view should be reported only in Main Auditor's Report. In whole exercise of Bank audit, Documentation plays very important role. Auditors should collect all important documents and create proper working papers. All documents should be persevered as required by SAs.

The overall objective of the branch audit should be to have transaction testing and provide inputs to the Statutory central Auditors on adequacy of implementation of various policy and regulatory requirements, including efficacy of the system and assurance functions (risk management, compliance and internal audit) at branch level. The threshold fixed for different purposes for comments in the LFAR will decide that above the threshold, the transaction detailing needs to be seen and commented upon. However, below the threshold, the system and processes should be checked and commented upon. Verification of data integrity and data related control systems and processes should be carried out and commented upon, with the special thrust on those data inputs which are to be used for MIS at corporate office level and for supervisory reporting purpose.

Where any of the comments made by the auditors in their LFAR is adverse, they should consider whether a qualification in their main report is necessary. It should not, however, be assumed that every adverse comment in the LFAR would necessarily result in a qualification in the main report. In deciding whether a qualification in the main report is necessary, the auditors should use their professional judgment in the facts and circumstances of each case

Following points are to be kept in mind while making audit plan and doing actual verification

I – Assets	1. CASH
Does the branch generally maintain / carry cash balances, which vary significantly from the limits fixed by the controlling authorities of the bank?	Do Cash verification surprise or at very short notice and when if cashier is not ready seat there in cash cabin so that no time is available to manage anything in actual cash and book balance. Always check few days entries in cash scroll (if maintained) and main cash book. If cash handled directly through entries CBS, check currency note denominations are entered in system or not? Verify the cash retention limits fixed for branch including ATM and exertion counters if any. Check cash balance for the year under audit and report excess cash hold if any. Check whether excess holding is reported in head office or not? Give your any other observations on cash handling
Whether the insurance cover available with the branch adequately meets the requirement to cover the cash-in hand and cash-in transit	Cash Insurance is normally taken at Head office level. Hence include the point in management representation regarding the same. Verify Insurance Policy / Head office letter for insurance cover for branch and in transit. Verify cash in hand, it should be within insured limits and give your comments based on your verification of facts. Check cash in transit point in insurance as many branches will transfer cash from main branch to location of ATMs.
Does the system ensure that cash maintained is in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?	Verify the facts through records kept for cash custody / changes in custody. Whenever cashier changes/ goes on leave, check key exchange between those two persons are recorded in register.
Does the figure of the balance in the branch books in respect of cash with its ATM(s) tally with the amounts of balances with the respective ATMs, based on the year end scrolls generated by the ATMs? If there is any difference, same should be reported.	Conduct physical verification of cash at branch and at ATMs Find out what is the policy of Bank with regards to cash verification by senior staff. Confirm whether such verification has been conducted during the year? Verify the records maintained of cash verification.

I – Assets	2. Balance with RBI, SBI and Other Banks
Were balance confirmation certificates obtained in respect of outstanding balances as at the year-end and whether the aforesaid balances have been reconciled? The nature and extent of differences should be reported.	Find out whether branch has any accounts with RBI/ SBI / Other banks. Call for Balance confirmation Certificates and verify the same with books. If balance is not tallied call for Reconciliation and check the same is tallied. Must see that confirmation date is 31st March and not prior to that as many a time at year end charges are debited by RBI/SBI which needs to be booked as expenses. Report on transactions appearing in reconciliation Review reconciliation process and comment. There should not be delay in reconciliation.
Observations on the reconciliation statements may be reported in the following manner: (i) Cash transactions remaining un-responded (give details) (ii) Revenue items requiring adjustments / write off (give details) (iii) Other credit and debit entries originated in the statements provided by RBI/other banks, remaining un-responded for more than 15 days (iv) Where the branch maintains an account with RBI, the following additional matter may be reported: Entries originated prior to, but communicated / recorded after the year end in relation to currency chest operations at the branch/other link branches, involving deposits into/withdrawals from the currency chest attached to such branches (Give details)	Auditor should verify that there are no abnormal items in Reconciliation. If there are any charges lying in reconciliation or old debit entries same should be provided for. Verify the Cash transactions remaining un-responded. Normally on second or third day response comes for yearend transactions. Report un-responded transactions at the yearend in LFAR.
In case, any matter deserves special attention of the management, the same may be reported	Any other item which may be reported to controlling office

I – Assets	**3. Money at Call and Short Notice**
Has the branch kept money at call and short notice during the year?	Normally there are no Money at call and short notice transaction at normal branches. Verify whether the branch has such transactions. If yes, verify all RBI / Bank's guidelines are followed. Conduct verification of the transactions with deal ticket, ledger accounts.
Has the year-end balance been duly confirmed and reconciled?	Check year-end balance, it needs to be reconciled at year end.
Has interest accrued up to the year-end been properly recorded?	In case of money kept at year end, auditor needs to check interest accrued up to the year-end has been properly recorded.
Whether instructions/guidelines, if any, laid down by the controlling authorities of the bank have been complied with?	Call for Bank's Polices and Check Bank Policies are being followed. Report Non-compliances if any.
I – Assets 4. Investments	
Questions are for Investments (for branches outside India)	The same are not covered here in this article.
I – Assets 5. Advances	
General Instructions I) The answers to the following questions may be based on the auditor's examination of all large advances. For this purpose, large advances are those in respect of which the outstanding amount is in excess of 10% of outstanding aggregate balance of fund based and non-fund based advances of the branch or Rs.10 crores, whichever is less. Care- For all accounts above the threshold, the transaction audit/account specific details to be seen and commented, whereas below the threshold, the process needs to be checked and commented upon. Comments of the branch auditor on advances with significant adverse features, which might need the attention of the management / Statutory Central Auditors, should be appended to the LFAR. (ii) The critical comments based on the review of the above and other test check should be given in respective paragraphs as given in LFAR given below.	

(a) ***List of accounts examined for audit***

Account No.	Account Name	Balance as at year end – Funded	Balance as at year end – Nonfunded	Total
Total		A	B	C = A + B
Total Outstanding of the branch		X	Y	Z = X + Y
Percentage examined		A as % of X	B as % of Y	C as % of Z

Credit Appraisal

In your opinion, has the branch generally complied with the procedures/ instructions of the controlling authorities of the bank regarding loan applications, preparation of proposals for grant / renewal of advances, enhancement of limits, etc., including adequate appraisal documentation in respect thereof. What, in your opinion, are the major shortcomings in credit appraisal, etc.	Carryout test check in advances verification and list all deficiencies which you found and based area in which there is a deficiency report that. For credit appraisal, verify the process to be carryout pre sanction and check whether the same is followed or not? Check all required documents are collected for appraising particular loan. Requisite Application Forms duly filled are collected. Document number of borrower accounts checked and then comment in separate annexure, giving details of account such as name, account number, sanctioned limits, balance outstanding, and your observations. Give reference of the annexure in this point. List major shortcomings in credit appraisal and report the same.

Have you come across cases of quick mortality in accounts, where the facility became non-performing within a period of 12 months from the date of first sanction? Details of such accounts may be provided in following manner:- • Account No. • Account Name Balance as at year end	We need to check Date of sanction in case of NPA Accounts and find that they become have become NPA in 12 months the same needs to be reported under this clause.
Whether in borrowal accounts the applicable interest rate is correctly fed into the system?	We need to check applicable interest rates for each category of advances from current circular of bank. We need to check interest rates fed in computer system and find the same is correctly fed or not.
Whether the interest rate is reviewed periodically as per the guidelines applicable to floating rate loans linked to MCLR / EBLR (External Benchmark Lending Rate)?	We need to check, sanction letter of borrowers, for their interest rates communicated and basis of rate of interest to be charged to borrowal. Normally, based on credit worthiness, specified interest rates are charged in addition to MCLR/EBLR. For example 1% + MCLR. Auditor needs to find out, how many times interest rates are changed by RBI, Concerned Bank and check the changes are effected in system or not.
Have you come across cases of frequent renewal / rollover of short-term loans? If yes, give the details of such accounts.	Take complete list of short-term loan. Check, their dates of sanction and renewals. Ask for report of loans repaid and sanctioned to same borrower on same day. If borrower's short loans are rolled over or renewed frequently, auditor needs to report the same.
Whether correct and valid credit rating, if available, of the credit facilities of bank's borrowers from RBI accredited Credit Rating Agencies has been fed into the system?	Verify the credit ratings applicable to borrower. If credit ratings are not done report the same. If credit ratings are done, check whether the same are fed in system or not, if not fed, report the same here.

	Sanctioned / Disbursed
In the cases examined by you, have you come across instances of: (a) credit facilities having been sanctioned beyond the delegated authority or limit fixed for the branch? (b) Are such cases promptly reported to higher authorities?	Find out what are delegated authorities at various level and check sanction letters so you can find whether person sanctioned the loan had authority do so. Test check all new loan sanctioned and verify this aspect.
Whether advances have been disbursed without complying with the terms and conditions of the sanction? If so, give details of such cases.	Study terms and conditioned which bank has stipulated in sanction letter and verify the same are compiled or not if not report the same.
Did the bank provide loans to companies for buy-back of shares/securities?	Find the loans given to company, if any for buy back of shares/securities, if yes same needs to be reported under this clause.
Documentation	
Credit facilities released by the branch without execution of all the necessary documents? If so, give details of such cases.	Verify the standard documents to be executed and if they are not completely filed or not executed properly report the same her.
Deficiencies in documentation, including non-registration of charges, non-obtaining of guarantees, etc.? If so, give details of such cases.	List all deficiency found in documentation in all advances verified and report the same.
Advances against lien of deposits have been granted without marking a lien on the bank's deposit receipts and the related accounts in accordance with the guidelines of the controlling authorities of the bank.	Verify the physical FD receipts and the CBS for Term Deposits lien marking and if lien is not marked comment accordingly.

Review/Monitoring/Supervision	
Is the procedure laid down by the controlling authorities of the bank, for periodic review of advances, including periodic balance confirmation / acknowledgement of debts, followed by the branch? Provide analysis of the accounts overdue for review/renewal. What, in your opinion, are major shortcomings in monitoring, etc.	Find out bank's guidelines for Periodic Review & Balance confirmation of accounts. Verify accounts selected on test check basis and comment accordingly.
a) between 3 to 6 months, and	
b) over 6 months	
a) Are the stock/book debt statements and other periodic operational data and financial statements, etc., received regularly from the borrowers and duly scrutinized? Is suitable action taken on the basis of such scrutiny in appropriate cases? b) Is the DP properly computed? c) Whether the latest audited financial statements are obtained for accounts reviewed/ renewed during the year?	Review the stock and book debt statements submitted by the borrowers. Check financial statements submitted by borrower. If bank has examined and called explanation on these statements check the same. Verify that stock & book debt statements have been submitted with complete details along with movements. Compare credits in accounts with sales in financial statements along with receivable / payable position. Check margins as prescribed in sanctioned letters are deducted from stock and debtors. Verify on test check basis, accounts and comment irregularities if any observed Verify Drawing Power calculations and check accounts are overdrawn or not? Check Accounting software, whether DP is regularly updated or not and comment if not updated properly. Check Implication of NPA for non-submission of stock & debtors statement / financial statements. If these statements are submitted late check penal interest as stipulated is applied or not ?

a) Whether there exists a system of obtaining reports on stock audits periodically? b) If so, whether the branch has complied with such system? c) Details of: ➢ cases where stock audit was required but was not conducted where stock audit was conducted but no action was taken on adverse features	Check Banks requirements to conduct stock audit. If stock audits are required to be undertaken for a particular borrower accounts, whether the same is undertaken or not. Where stock audits are carried out, whether bank has called for explanation on negative remarks from borrower. If there is any impact on account classification , examine the same.
Review/Monitoring/Supervision	
Indicate the cases of advances to noncorporate entities with limits beyond that is set by the bank where the branch has not obtained the duly audited accounts of borrowers.	Take list of non-corporate borrowers with limits of 10 Lakhs and above, check whether all borrowers have submitted audited financial statements or not, if not comment accordingly.
Does the branch have on its record, a due diligence report in the form and manner required by the Reserve Bank of India in respect of advances under consortium and multiple banking arrangements. Give the list of accounts where such certificate/report is not obtained or not available on record. (In case, the branch is not the lead bank, copy of certificate/report should be obtained from lead bank for review and record)	Obtain list of the advance given under consortium and multiple banking arrangements. Find out due diligence reports (DDR) obtained or not for such advances. Cases where DDR is not obtained same needs to be reported. If your bank branch is not lead bank, obtained copy of the report from lead bank for review and records.

Has the inspection or physical verification of securities charged to the bank been carried out by the branch as per the procedure laid down by the controlling authorities of the bank? Whether there is a substantial deterioration in value of security during financial year as per latest valuation report in comparison with earlier valuation report on record?	Verify the Visit report of bank official and check if any negative observations are reported and check explanations called from borrower of the same. Also Check valuation report of securities and if there is deterioration in value of security during financial year as per latest valuation report in comparison with earlier valuation report on record, report the same.
In respect of advances examined by you, have you come across cases of deficiencies, including in value of securities and inspection thereof or any other adverse features such as frequent/ unauthorized over-drawing beyond limits, inadequate insurance coverage, etc.?	Verify and Report, deficiencies, including in value of securities. Auditor has to verify the cases of frequent overdrawing given and report the same.
Whether the branch has any red-flagged account? If yes, whether any deviations were observed related to compliance of bank's policy related with Red Flag Accounts?	Find out policy for red flagging of any account, if there is any deviation, report the same under this clause.
Comment on adverse features considered significant in top 5 standard large advances and which need management's attention.	Auditor has to verify top 5 standard large advances. Find out adverse features and report the same under this clause.
In respect of leasing finance activities, has the branch complied with the guidelines issued by the controlling authorities of the bank relating to security creation, asset inspection, insurance, etc.? Has the branch complied with the account-ing norms prescribed by the controlling authorities of the bank relating to such leasing activities?	Whether Branch has leasing finance activities? Take the guidelines issued by the controlling authorities of the bank relating to security creation, asset inspection, insurance, etc.? if those guidelines are not followed report the same. Check and report if the branch has not complied with the accounting norms prescribed by the controlling authorities of the bank relating to such leasing activities.

Asset Classification, Provisioning of Advances and Resolution of Stressed Assets	
a) Has the branch identified and classified advances into standard / substandard / doubtful / loss assets through the computer system, without manual intervention? b) Is this identification & classification in line with the norms prescribed by the Reserve Bank of India c) Whether the branch is following the system of classifying the account into SMA-0, SMA-1, and SMA-2. Whether the auditor disagrees with the branch classification of advances into standard (Including SMA-0, SMA1, SMA-2) / sub-standard / doubtful / loss assets, the details of such advances with reasons should be given. d) Also indicate whether required changes have been incorporated/ suggested in the Memorandum of Changes. List the accounts (with outstanding in excess of Rs. 10.00 crore) which have either been downgraded or upgraded with regard to their classification as Non-Performing asset or Standard Asset during the ear and the reason thereof.	Study Master Directions issued from time to time by Reserve Bank of India and check whether the same is being followed or not. If not report the same with reasons and issue, Memorandum of Changes for changes suggested as Branch Auditor. Verify Opening/ closing NPA statements, Movement in NPA, during the year. Check provisions based on respective IRAC classification. Check security value reported and its basis. Find out immovable properties are valued from government approved valuer every three years or not? List the accounts (with outstanding in excess of Rs. 10.00 crore) which have either been downgraded or upgraded with regard to their classification as Non-Performing and report the same.

Whether RBI guidelines on income recognition and provisioning have been followed.	If branch has not followed the IRAC, auditor should report the same and issue Memorandum of Changes (MOC).
Whether the branch complies with the regulatory stance for resolution of stressed assets, including the compliance with board approved policies in this regard, tracking/reporting of defaults for resolution purposes among others?	Check Stress assets guidelines and find whether the same is followed or not.
a) Whether the upgradations in non-performing advances is in line with the norms of Reserve Bank of India Where the auditor disagrees with upgradation of accounts? If yes, give reasons thereof.	Call for list of accounts upgraded, check whether the same is as per RBI guidelines, if not report the same under this clause.
Have you come across cases where the relevant Controlling Authority of the bank has authorized legal action for recovery of advances or recalling of advances, but no such action was taken by the branch? If so, give details of such cases.	Call for list of accounts where head office has authorised for legal actions and recalling of advances. If such actions are not taken as prescribed by head office report the same.
Whether there are any accounts wherein process under IBC is mandated but not initiated by the branch? Whether there are any borrowers at the branch against whom the process of IBC is initiated by any of the creditors including bank? If yes, provide the list of such accounts and comment on the adequacy of provision made thereto?	Find out borrowers if any where process under IBC is mandated but not initiated by the branch. Find out borrowers if any, at the branch, against whom the process of IBC is initiated by any of the creditors including bank, provide the list of such accounts and comment on the adequacy of provision made thereto.

a) Have appropriate claims for credit guarantee (ECGC and others), if any, been duly lodged and settled? b) Give details of claims rejected? (As per the given table) Whether the rejection is appropriately considered while determining the provisioning requirements	Provide complete details in given format about claim at the beginning of the year, Further claim lodged during the year Claims accepted/settled and Claims rejected.
In respect of non-performing assets, has the branch obtained valuation reports from approved valuers for the immovables charged to the bank, once in three years, unless the circumstances warrant a shorter duration?	Check valuation reports obtained from Government approved valuers and check its date, if same is older than three year demand for fresh valuation report. Check security value taken in NPA statement and same should not be higher than that of valuation report.
In the cases examined by you, has the branch complied with the Recovery Policy prescribed by the controlling authorities of the bank with respect to compromise /settlement and write-off cases? Details of the cases of compromise/settlement and write-off cases involving write-offs/waivers in excess of Rs. 50.00 lakhs may be given.	Obtain banks policy for compromise/settlement and write-off cases. Take list of cases where there is settlement done, write off, waiver etc done and verify the policy of the bank is followed or not. If not report the same. Report such cases of Rs. 50 Lakhs and above.
Is the branch prompt in ensuring execution of decrees obtained for recovery from the defaulting borrowers? Give Age-wise analysis of decrees obtained and pending execution.	Find the cases where decrees obtained for recovery from defaulting borrowers. Auditor has report age wise pending cases where decrees obtained but execution is pending.
Whether in the cases concluded the recoveries have been properly appropriated against the principal / interest as per the policy of the bank?	Auditor has to verify the quantum of recovery and its appropriation between principal and interest as per bank's policy.

In cases where documents are held at centralized processing centres / office, whether the auditor has received the relevant documents as asked by them on test check basis and satisfied themselves. Report the exceptions, if any	Auditors needs to report upon, verification of documents held at centralized processing centres and report exception if any in the same.
List the major deficiencies in credit review, monitoring and supervision.	If any major deficiencies are found in NPA statement correct the same by issuance of Memorandum Of Changes (MOC) statement. Give proper explanations and justification for Changes proposed in MOC.
Guarantees / Letter of Credits / Letter of Comforts	
List of borrowers with details of LCs devolved or guarantees invoked during the year.	Call for Guarantees issued and margin & securities obtained against the same. Check charges are recovered as per Bank's Rules. Verify all the o/s guarantees. Examine List of guarantees invoked and funded by bank. Further examine steps taken for recovery from customers.
List of borrowers where the LCs have been devolved or guarantees have been invoked but not paid with amount thereof.	Report all cases of Guarantees invoked in LFAR Verify the details in prescribed format prepared by branch and comment.
List of instances where interchangeability between fund based and non-fund-based facilities was allowed subsequent to devolvement of LC / invocation of BG.	Auditor has to report the cases, where interchangeability between fund based and non-fund-based facilities was allowed subsequent to devolvement of LC / invocation of BG Verify the details in prescribed format prepared by branch and comment. Examine if any LCs are issued from other independent systems are they recorded in books or not, further take management representation letter in this regard.

Other Assets	
Suspense Account / Sundry Assets	
Does the system of the bank ensure expeditious clearance of items debited to Suspense Account? Details of outstanding entries in excess of 90 days may be obtained from the branch and the reasons for delay in adjusting the entries may be ascertained. Does your scrutiny of the accounts under various sub-heads reveal balances, which in your opinion are not recoverable and would require a provision /write-off? If so, give details.	Review the system and comment. Scrutinise to evaluate normal time taken to clear such entries. Verify the items appearing in the list with sufficient details such as narration of the transaction. Check the year wise break up and tally it with trial balance.
Does your test check indicate any unusual items in these accounts? If so, report their nature and the amounts involved. Are there any intangible items under this head e.g. losses not provided / pending investigation?	Report all unusual items / material withdrawals in suspense / sundries.
Liabilities 1. Deposits	
Does the bank have a system of identification of dormant/ inoperative accounts and internal controls with regard to operations in such accounts? In the cases examined by you, have you come across instances where the guidelines laid down in this regard have not been followed? If yes, give details thereof.	Check how system is flagging an account as inoperative. Obtain list of inoperative accounts & verify the transaction on test check basis. Check bank policy for making accounts operative, & verify. Report deficiencies.
Unusual large movements (increase or decrease) in the aggregate deposit held at the year end	Take monthly average deposit figure and see if there are unusual movements at year end. Obtain comments from branch management for unusual large movements and Also check figures after year end.

Whether the scheme of automatic renewal of deposits applies to FCNR (B) deposits? Where such deposits have been renewed, report whether the branch has satisfied itself as to the 'non-resident status' of the depositor and whether the renewal is made as per the applicable regulatory guidelines and the original receipts / soft copy have been dispatched.	Take list of NRI deposits if any and verify the renewal of the same. Verify how bank has seen NRI status of the depositor.
Is the branch complying with the regulations on minimum balance requirement and levy of charges on non maintenance of minimum balance in individual savings accounts?	Auditor has to obtained list of accounts where minimum balance was not maintained and find out system of debiting is charges for the same is working properly or not.
II – Liabilities 2. Other Liabilities	
3. Contingent Liabilities	
Bills Payable / Sundry Deposits	
Number of items & the aggregate amount of old outstanding items pending for 3 years or more.	Obtain List and verify all items pending for more than three years and comments on the same.
Unusual items or material withdrawals or debits in these accounts	Verify transactions during the year and report such transactions. Examine debits are genuine.
Contingent Liabilities	
Contingent Liabilities Not acknowledged as debts (other than guarantees / letter of credits / acceptances / endorsements)	Verify previous year's Audited statements for list contingent liabilities at the beginning of the year. Take current list of contingent liabilities. Report the same under this clause.

III – Profit & Loss Account	
Has the test checking of interest /discount/ commission/ fees etc. revealed excess/short credit of a material amount? If so, give details thereof. Has the test check of interest on deposits revealed any excess/short debit of material amount? If so, give details thereof.	Verify the system for finding discrepancies in interest paid / received. Test Check the system followed by branch during the year. Comment on the same.
Has the branch complied with the Income Recognition norms prescribed by R.B.I.? (The Auditor may refer to the instructions of the controlling authorities of the bank regarding charging of interest on non-performing assets).	Check the interest is derecognised if the same is not recovered on accounts classified as NPA during the year. Also check no interest is charged on old NPA accounts. Guidelines as given in Master Circular on IRAC issued by RBI needs to be followed.
Verification of provision for interest accrued on overdue / matured term deposits.	Check the policy of bank. Generally provided at HO through CBS. The same is not verifiable at Branch level.
Comment on any divergent trends in major items of income and expenditure, which are not satisfactorily explained by the branch	Find out if there is divergent trends. Call for explanation on the same, If explanation is satisfactory report the same under this clause.
IV – General	
1. GOLD/ BULLION / SECURITY ITEMS	
Does the system ensure that gold/bullion is in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?	Find out, is there a stock of gold and bullion for sale and kept as securities for loan against the same. Check HO instruction regarding joint custody and the same is being followed or not, if not report the same.

Does the branch maintain adequate records for receipt, issues and balances of gold/bullion and updated regularly? Does the periodic verification reveal any excess/shortage of stocks as compared to book records and if any discrepancies observed have been promptly reported to controlling authorities of the bank?	Find out records maintained for gold and bullion and check the same is proper or not. Is there a system of periodic verification? Any excess/shortage observed? Report all such cases.
Does the system of the Bank ensure adequate internal control over issue and custody of security items (Term Deposit Receipts, Drafts, Pay Orders, Cheque Books, Traveller's Cheques, Gift Cheques, etc.)? Whether the system is being followed by the branch? Have you come across cases of missing/lost item	Find our process and policy for holding stock of deposit receipts and security items, cheques. Carry out test of the same and report deviations if any.
Books and Records Whether there are any software / systems (manual or otherwise) used at the branch which are not integrated with the CBS? If yes, give details thereof.	Obtain list of manual registers required to be maintained at branch level and examine the same are actually maintained or not? Records maintained in computer needs to be examined.
In case the branch has been subjected to IS Audit whether there are any adverse features reported and have a direct or indirect bearing on the branch accounts and is pending compliance? If yes give details.	Call for IS audit report and check the same, if there are adverse features reported and same has direct or indirect bearing on the branch accounts and are pending compliance? If yes give details.
ii) Whether branch is generating, and verifying exception reports at the periodicity as prescribed by the bank	Obtained list of exceptional reports generated from the system and check the same. If prescribed process is not followed report the same.

iii) Whether the system of bank warrants expeditious compliance of daily exception reports and whether there are any major observations pending such compliance at the year end.	Check the system of bank warrants expeditious compliance of daily exception reports and whether there are any major observations pending such compliance at the year end, if yes report the same under this clause with complete details.
iv) Whether the bank has laid down procedures for manual intervention to system generated data and proper authentication of the related transactions arising there from along with proper audit trail of manual intervention has been obtained.	Normally at Branch level no manual intervention is allowed however check the same and also take MR on the same.
v) Furnish your comments on data integrity (including data entry, checking correctness/integrity of data, no back ended strategies etc.) which is used for MIS at HO / CO level.	Collect the details regarding data used for MIS at HO level and check the same is correctly fed in system or not.
Inter Branch Accounts	
Does the branch expeditiously comply with/respond to the communications from the designated cell/Head Office as regards unmatched transactions? As at the year-end are there any un-responded/un-complied queries or communications beyond 7 days? If so, give details?	Understand the system being followed at branch and role of branch for originating entries un-reconciled and same way error in responding entries originated by other branch this branch. Enquiry memos for un-reconciled entries must be attended and necessary action must be taken by branch official in timely manner. Report is there is any delay in sorting un-reconciled entries exist at branch level.

	Frauds
Furnish particulars of: (i) Frauds detected/classified but confirmation of reporting to RBI not available on record at branch. (ii) Whether any suspected or likely fraud cases are reported by branch to higher office during the year? If yes, provide the details thereof related to status of investigation In respect of fraud, based on your overall observation, please provide your comments on the potential risk areas which might lead to perpetuation of fraud (e.g. falsification of accounts/false representation by the borrower; misappropriation of funds especially through related party/ shell company transactions; forgery and fabrication of financial documents like invoices, debtor lists, stock statements, trade credit documents, shipping bills, work orders and encumbrance certificates and avail credit; Use of current accounts outside consortium where Trust and Retention Account (TRA) is maintained, to divert funds; List of Debtors/ Creditors were being fabricated and receivables were not followed up/ write off of debt of related parties; Fake export /shipping bill, etc.; Over statement of invoice amounts, stock statements, shipping bills, turnover; fly by night operations -including the cases where vendors, related/ associate parties, manufacturing	Find out the same is reported in Higher authorities or not. Provide details of the same. Study fraud case and Provide your comments in detailed on potential risk areas. Check system of early warning is working at branch? If not comment upon the same.

units etc. aren't available on the registered addresses; Round Tripping of funds, etc.) (iv)Whether the system of Early Warning Framework is working effectively and, as required, the early warning signals form the basis for classifying an account as RFA.	
Implementation of KYCAML Guidelines Whether the branch has adequate systems and processes, as required, to ensure adherence to KYC/AML guidelines towards prevention of money laundering and terrorist financing	Check process of KYC and AML guidelines and check its implementation at branch level.
Whether the branch followed the KYC/AML guidelines based on the test check carried out by the branch auditors	Whether the branch followed the KYC/AML guidelines based on the test check carried out by the branch auditors
Management Information System	
Whether the branch has the proper systems and procedures to ensure data integrity relating to all data inputs which are to be used for MIS at corporate office level and for supervisory reporting purposes. Have you come across any instances where data integrity was compromised?	Check all data (that is being used for MIS), being fed in system on test check basis and report on instances if any of data integrity compromised.

Miscellaneous	
In framing your audit report /LFAR, have you considered the major adverse comments arising out of the latest reports such as: i) Previous year's Branch Audit Report / LFAR; ii) Internal audit/ Snap Audit/ concurrent audit report(s); iii) Credit Audit Report; iv) Stock audit Report; v) RBI Inspection Report, if such inspection took place; vi) Income and Expenditure (Revenue) Audit; IS/IT/Computer/Systems Audit; and viii) Any special inspection / investigation report	Inquire & report fact whether branch covered by any of the various audits listed in this clause. Check compliance reports submitted for irregularities pointed out in those report. Consider the same in framing your report.
Are there any other matters, which you, as branch auditor, would like to bring to the notice of the management or the Statutory Central Auditors?	
Any other matters for the notice of Statutory Central Auditors	Report matters for attention of SCA.

Conclusion:

Plan to update the LFAR simultaneously along with audit. Most of the time audit team fills the LFAR post completion and they find it difficult or they need go back to records to again note details to be reported in LFAR. Auditors Team should bifurcate the questions based area being audited by each team member. When irregularities are reported, the same should be reported with sufficient details. Once the report is ready same need to be discussed with Branch Head. During the course of audit, where we are not able to verify the documents / we are relying on explanations we should obtain confirmations on such points in Management Representation letter.

PART 2 OF THE ARTICLE

Checklist for verification of advances & reporting in LFAR

1. In respect of common irregularities, the Auditors can give their comments borrower–wise in the LFAR in the format given hereunder:

Name of Borrower	Name of Branch	Region	IRAC Status	Sanctio-ning Authority	Facility	Limit	Amount o/s. as at the year	Irregularity No.
1	2	3	4	5	6	7	8	9

2. In respect of Column 9 above, "Irregularity No.", the number as given in the "Glossary to Irregularities" in Point 5, under the head "Item" below should be given for the irregularity applicable to respective borrower.
   In case the auditors feel that in spite of the list of irregularities given below, there are some other irregularities, which the auditor would like to bring to notice, the auditor may separately disclose under the given head by giving "appropriate number".
   For the aforesaid purpose, "appropriate number" would mean, for example, if the auditors feels that in case of "Review/ Monitoring/ Supervision", which has the number "4", any additional irregularity has to be incorporated, he may give a number after the last number appearing in the list, such as "4.62", and onwards.
   Similarly, in case of "Credit Appraisal" which has the number "1", any additional irregularity may be given "1.19", and so on
3. The borrower–wise details may be given in descending order based on the Amount outstanding

4. GLOSSARY TO IRREGULARITIES

Item Remarks

1. Credit Appraisal

1.1 Loan application not on record at Branch

1.2 The appraisal form was not filled up correctly and thereby the appraisal and assessment was not done properly

1.3 Loan application is not in the form prescribed by Head Office

1.4 The Bank did not receive certain necessary documents and Annexures required with the application form

1.5 Basic documents such as Memorandum & Articles of Association, Partnership deed, etc., which are a pre–requisite to determine the status of the borrower, not obtained

1.6 Certain adverse features of the borrower not incorporated in the appraisal note forwarded to the management

1.7 Industry/ group exposure and past experience of the Bank is not dealt in the appraisal note sent to the management for sanction

1.8 The level for inventory/ book–debts/ creditors for finding out the working capital is not properly assessed

1.9 Techno–economic feasibility report, which is required to know the technical aspects of the borrower's business, is not obtained from Technical Cell

1.10 Credit report on principal borrowers and confidential report from their banks are not insisted from the borrowers

1.11 The opinion reports of the associate and/ or sister concerns of the borrower are not scrutinised

1.12 The opinion reports of the associate and/ or sister concerns of the borrower are not called for

1.13 The opinion reports of the associate and/ or sister concerns of the borrower are not updated

1.14 The opinion reports of the associate and/ or sister concerns of the borrower are not satisfactory

1.15 The procedure/ instructions of head office regarding preparation of proposals for grant not followed

1.16 The procedure/ instructions of head office regarding preparation of proposals for renewal of advances not followed

1.17 The procedure/ instructions of head office regarding preparation of proposals for enhancement of limits, etc. not followed

1.18 No exposure limits are fixed for forward contract for foreign exchange sales/ purchase transactions

2. Sanctioning and Disbursement

2.1 Credit facility sanctioned beyond the delegated authority or limit of the branch

2.2 Certain proposals were sanctioned pending approval of higher authorities wherever required

2.3 Ad–hoc limits were granted for which sanctions were pending since long

2.4 Facilities were disbursed before completion of documentation

2.5 Facilities were disbursed without following sanction terms

2.6 Facilities were disbursed without any sanction

2.7 Sanction letter was missing in the branch

2.8 Guarantor as required in the sanction letter was not obtained

2.9 Required promoters stake not invested before disbursement of loan

2.10 Sanctions were made without proper appraisal

2.11 Security charge not created before disbursement as required by sanction letter/renewed letter

2.12 Full disbursement of the facility not made

2.13 Sanction terms were not complied with or were not recorded

2.14 Disbursement Made without proper sanction

2.15 Term loan was disbursed by creating the cash credit or savings account of the borrower

3. Documentation

3.1 The security against which the advance was sanction was not available/ was not on record

3.2 Mortgage for the property given as security is not created

3.3 Mortgage for the property given as security created, was inadequate, as compared to terms of sanction

3.4 Second charge as required, on assets is not created in favour of the bank

3.5 Documents of Second charge on assets is not on the record

3.6 Documents pertaining to registration of charges with ROC or any other concerned authority requiring charging of assets is not obtained

3.7 Copies evidencing lodgement of the original conveyance/ sale deeds with the Sub–Registrars for registration not on record

3.8 Authority letter/ Power of Attorney to the Bank to collect the original documents from the Sub–Registrar not on record

3.9 Documents pertaining to consortium advances not yet executed/ not available with bank

3.10 Documents signed by persons not duly authorised to sign or who have signed in other capacity accepted by the bank

3.11 Signatures of the executants were not found on all the pages of the documents

3.12 Some of the documents on record were blank, without signatures of Branch Manager, witnesses, or guarantors, etc.

3.13 Revival letters in respect of documents to be reviewed from the borrowers not received

3.14 Guarantors have expired

3.15 Guarantors not on record

3.16 Guarantors not renewed

3.17 Guarantors not assigned

3.18 Worth of the Guarantors not available

3.19 Stamping not as per the amended Stamps Act

3.20 Documents have become mutilated, soiled, time barred or not obtained

3.21 Opinion report by the field officer for the borrowers not found on record

3.23 "Nil Encumbrance Certificate/s" or "No Dues Certificate/s" or "No lien Letters" not obtained for the mortgage/s

3.24 Advances for vehicle loans, Registration certificate, transfer certificate, etc. not obtained

3.25 Work completion certificate, sale deeds, share certificates in societies, etc. not on record for housing loans

3.26 Documents are not duly attested/ signed by concerned officials/not renewed

3.27 The agreements for hypothecation do not contain details regarding goods hypothecated

3.28 Copy of Bills/ receipts, on the basis of which the amount was disbursed not found on record. For e.g. Vehicle Loans, Plant & Machinery

3.29 Charge on main &/or collateral securities not created in terms of sanction letter

3.30 Original security papers/ sale deed/ lease deed/title deed/ agreement of sale not available on record

3.31 TDR are not discharged or renewed

3.32 Control returns not sent to the H.O.

3.33 The branch has not taken any action for not compliance with terms of agreement

3.34 No documents executed for enhancement of limit/document not on record

3.35 ECGC Post shipment policy not obtained

3.36 Credit facility released without execution of all necessary documents

3.37 Common Seal not affixed on Letter of Comfort

3.38 Confirm orders for export credit not found on record for facilities released

4. REVIEW/MONITORING/SUPERVISION

4.1 The account is frequently overdrawn

4.2 The account is continuously overdrawn

4.3 The account is overdrawn and the branches have not taken sufficient steps to regularise the accounts promptly

4.4 The balance outstanding have exceeded the drawing power

4.5 Balance confirmation and acknowledgment of debt not obtained

4.6 The stock book-debts statements not received regularly/ promptly

4.7 The FFI/ financial statements/audited statements/FFR 1 & 2/ other operational data, etc., not received regularly/ promptly

4.8 The stock, book-debts statements, etc., not scrutinised and no suitable action is taken

4.9 The FFI/ financial statements/ audited statements/FFR 1 & 2/ other operational data, etc., not received regularly/ promptly/ not scrutinised and no suitable action is taken

4.10 Non-moving stock is not deducted to arrive at the drawing power

4.11 The age-wise break-up of debtors is not found on record. The borrowers are allowed to draw money on entire outstanding debt, which must rather be for the recent debts as prescribed for particular industries and as per margin prescribed in the sanction letter

4.12 Wide discrepancies observed in the stock statements and stock figures in the annual audited financial statements

4.13 No penal interest has been charged for delay in submission of various statements as per the terms of agreement depending upon the type of loan/ credit availed by the borrower

4.14 Many branches have not adhered to the prescribed frequency of physical verification of securities given against loans & advances

4.15 Drawing power limits are not revised as per market value of shares for advances against security of shares

4.16 End–use of funds not ensured/ not known funds utilised for purpose other than for which granted

4.17 The projections submitted by the borrower stay far beyond the actual performance. Further, no explanation for the same is taken from the borrower

4.18 Major sale proceeds of the borrower not routed through the Bank

4.19 Audited statements of non-corporate borrowers having limit beyond ` 10 lakh not received

4.20 Renewal proposals of advances not received on time and in many cases the limits are not renewed

4.21 Application of wrong rate of interest, processing charges, commission, other charges, etc. resulting in income leakage/ excess booking of interest of the bank

4.22 Insurance cover for stock/ property is inadequate/ not on record/ not renewed/ not endorsed in favour of the Bank

4.23 Inspection/ physical verification of security charged, not been carried out

4.24 Expired bills/ foreign currency sight bills which are outstanding, have not been crystallised

4.25 EBW statements on write–off of overdue export bills of ECM not found on record

4.26 Confirmation as to genuineness of export transactions not obtained from Bank's foreign offices/correspondents/ customs department

4.27 Import credit, bill of entry evidencing imports of goods not found

4.28 Documents are not obtained for bills discounted under Letter of Credit

4.29 Advances, which are eligible for whole turnover packing credit guarantee cover of ECGC, are not brought under its cover

4.30 Though government guaranteed accounts are irregular since long, the issue of invocation of guarantee does not seem to have been considered

4.31 Prescribed margins not maintained as per sanctions

4.32 Allocated limits, full terms of sanctions, stock statements, inspection reports, margin, etc. not available at monitoring branches

4.33 For allocated limits, inordinate delays were noticed in responding to transfer by the allocator branch

4.34 Regular meetings not held with other consortium members to review the performance of borrowers and to assess the current state of affairs/not been held as per norms

4.35 Individual members of the consortium are not advised about the quarterly operating limits/ D. P. allocated to each one of them

4.36 Minutes of the consortium meetings not found on record/not been held as per norms

4.37 Inspection report from the consortium members not obtained

4.38 The capital of the borrower has eroded/ net worth is negative/ decreasing. Close monitoring needs to be done

4.39 The drawing power is calculated wrongly and/or hence the borrower is allowed to enjoy excess credit than actually eligible

4.40 Signboard of the bank is not displayed in godown, where the pledged/ hypothecated stock is stored

4.41 Limit not fully utilised by the borrower/No commitment charge is levied for the limit not fully utilised by the borrower

4.42 Loan against TDR/ STDR, which is matured, is neither renewed nor credited to loan account

4.43 The Stock and Debtors Audit Report not found on record. No audit has been done for accounts of the borrower

4.44 The valuation report in respect of tangible security from Government approved valuer have not been obtained

4.45 Guarantees, Opinion Reports Financial statements, IT assessment orders and etc. of the guarantor are not found on record

4.46 Opinion report on guarantor is not obtained

4.47 For Small Government Sponsored loan accounts, security cover could not be ascertained since neither any record was available at branch nor physical verification conducted by the branch

4.48 Pre–sanctions and/or post–sanctions inspection reports were not on record

4.49 The account was overdue for repayment and/or no credit was received from the borrower for a long time

4.50 The borrower is absconding or deceased and legal formalities are incomplete and there is wilful default from the borrower. Either establishment was closed or security was disposed off or no action taken by the branch

4.51 Subsidy claim process was incomplete or subsidy was yet to be received or needs follow-up

4.52 Security disposed off/ Entity closed by borrower and no action taken by the branch

4.53 Irregularity not advised to controllers

4.54 Letter of subordination of deposits not taken

4.55 Secured and unsecured portion not segregated properly in advance return of the branch

4.56 Renewal of limits was done before the receipt of financial statements

4.57 Heavy cash withdrawal for which consent of corporate Guarantor is not taken

4.58 Proper valuation of stock not done/ needs critical scrutiny

4.59 Security obtained is inadequate/lower as compared to amount of outstanding/ no collateral security

4.60 The party was dealing with other bank also tough it was not permitted

4.61 Sticky accounts require close follow-up by the management

5. BAD AND DOUBTFUL DEBTS

5.1 The IRAC norms for classification of advances were not followed and the same is implemented through Memorandum of Changes by auditors during audit

5.2 Instalments were not received from the borrowers

5.3 Interest was not received from the borrowers

5.4 Legal action for recovery of advances was not taken although authorised by the Board/ Controlling Authority

5.5 Discontinuance of application of interest not followed although authorised by the Board/ Controlling Authority

5.6 Government guarantees have expired and fresh guarantees not obtained/not renewed

5.7 Terms of the BIFR scheme not complied

5.8 Payment from Government not received although guarantees were unconditional, irrevocable and payable on demand

5.9 Delays in the settlement/ repayment in respect of sanctioned proposals

5.10 The repayment accepted in case of compromise cases inadequate *vis-à-vis* value of security

5.11 Compromise proposals pending at various levels where local government/ outside agencies are involved as guarantors

5.12 Copy of Search Report not on record

5.13 Decree awarded but no further steps taken for recovery

5.14 DI&CGC claims submitted/ rejected/ pending data not available

5.15 Irregular/ sticky advance not reported to the controlling authority promptly

5.16 Compromise/ OTS proposal is recommended and is under negotiation since long but not finalised. Suit is filed in the court/ DRT and pending to be finalised

5.17 ECGC claim not submitted/ lodged for recovery

MIGRATION AUDIT IN BANKS

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Information technology has been growing and changing rapidly. Organizations are constantly revamping (update or replace) their information technology architecture and the related support systems to take advantage of these new developments in order to arrive at better informed decisions. This could be business reasons for a data migration of existing data in legacy or disparate applications, operating system, storage devices, etc to a new environment.

A system may be new, but updating does not bring the wished results, if the migrated data itself cannot provide a strong and reliable basis for the further operation. A significant part of the problems which occur during the replacement of IT systems originate from the data migration between the old and the new systems or from the data cleansing process. It is important to emphasize, that defining the scope of the data to be migrated and the criteria of a successful migration is a business task of utmost priority. If this task is neglected, that can significantly increase the costs of later corrections.

Auditors plays a vital role helping organization in smooth migration. Therefore Auditors (majorly CA firms) are appointed to provide Data Migration Assurance to ensure completeness, accuracy, consistency, integrity, stability & smooth transition of data from the source system to the target system. Many a time Banks/Companies appoints independent vendor to carry out migration and Auditors role is expected to liaison with the vendor to gain knowledge in the migration strategy, plan the migration methodology and the tool used for the migration process and is required to review the activities pointing out the deficiencies in the early stages itself to plug in the deficiencies noted.

Migration Lifecycle

The major activities in a typical migration project are

- Understanding the scope & planning,
- Pre-migration audit,
- Actual migration event
- Post-migration audit.

The expectations from the Auditor –

- To understand the business requirements of application, which will allow the Auditor's team to refer to the business requirements specification and explore the application under-test (AUT).
- Auditor needs to prepare Audit strategy document listing the resources to be deployed, the roles and responsibilities of the Bank's team members, the execution methodology, reporting methodology, documentation deliverable.

- Auditor shall provide graphs and reports using information about requirements coverage, planning progress, run schedules or defect statistics. Bank can make informed decisions on whether an application is ready to go live.
- The auditor should review the Risk Assessment documents and Business Continuity Plans.
- Review the Audit results with the Bank. Report the results of the Audit and make recommendations to the authorities that it should be accepted.
- The Auditor is expected to use best in class industry proven safeguards that prevents the misuse of information and appropriately protect the confidentiality, integrity and availability of information systems.
- Auditor is expected to successfully complete the Audit and submit comprehensive Final Report to enable the bank to refer to any details at a future date in case of faults/errors or maintenance /upgradation.

WHEN THIRD PARTY VENDOR IS APPOINTED FOR DATA MIGRATION

- Assuming the Bank has entrusted some outside Vendor for data migration from the source system to the target system then the Auditor is expected to liaison with the vendor to gain knowledge in the migration strategy, plan the migration methodology and the tool used for the migration process and is required to review the activities pointing out the deficiencies in the early stages itself to plug in the deficiencies noted.
- The Auditor is expected to understand & review the mapping of source data to target including the new fields sourced to the target system.
- Assurance process should cover Pre migration and post migration assurance as per banks requirement.
- To provide an assurance that 100% data for the critical fields have been properly identified and accurately and completely migrated to relevant data fields in the target system by understanding and validating the migration controls, performing independent verification of Data migrations.
- Review back up procedure so as to ensure availability of data under conversion ensuring that and not limited to that the data is backed up before migration for future reference or any emergency that may arise out of data migration process.
- To provide assurance on the consistency of data and ensuring that the field/data called for from the migrated environment is consistent with that of the original application/data.
- To provide an assurance that the historical data covering all the modules are correctly & completely migrated into the target system.
- The Auditor is expected to verify and review the error logs pertaining to the pre-migration/post migration period and must liaise with the vendor and make available to the bank a review on the root cause analysis and the actions taken.

- Further to the detailed analysis, the Auditor is expected to identify the gaps in data migration & also covering requirements as detailed above and provide a **'Data Migration Audit Report'** stating the gaps identified in the data migration audit.

- Signoffs from the business teams for successful migration and decommissioning of the legacy data

The Final Compliance Report should include, but not be limited to, the following information.

1. Review of Data Migration Strategy/methodology followed by Vendor
2. Review of Data Field Mapping performed by Vendor
3. Review of Data Migration Tools/ Scripts configured/developed by the Vendor.
4. Review of Data Validation Performed by Vendor
5. Review of logs of data migration activity and confirming as to the identified errors have been rectified by Vendor
6. Review of Post Data migration activities including GL balance Verification Post Migration & before GO Live. No manual verification is part of the compliance report.

Thank you for reading this article. I hope it helped you in understanding the process involved in Data Migration.

STATUTORY BRANCH AUDIT (SBA)

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The banking industry is the backbone of any economy as it is essential for the sustainable socio-economic growth and financial stability in the economy.

Statutory audit of banks involves a number of peculiarities due to some unique features of banks and banking operations e.g. huge volumes, complexity of transactions, wide geographical spread of banks' network, large range of products and services offered, extensive use of technology, strict vigilance by the banking regulator etc. All these factors make the task of statutory auditors of banks quite challenging in maintaining quality in bank audits.

The overall objective of the branch audit is to have transaction testing and provide inputs to the Statutory Central Auditors (SCA) on adequacy of implementation of various policy and regulatory requirements, including efficacy of the system and assurance functions (risk management, compliance and internal audit) at branch level.

SBA should read and study recent updates, impact of amendments and changes in banking environment such as, latest & relevant RBI circulars, master directions, notification, pronouncements of ICAI having bearing on bank audits and the Banking Regulation Act, 1949.

The following are the guidelines for conducting Statutory Branch Audit (SBA) of any Bank:

1. Communication with Branch management& Understanding the Branch business

Soon after the receipt of appointment letter, Auditor should try to visit Branch or discuss with Branch manager to understand the size of the branch and nature of activities carried out at the bank branch. Since timelines are limited, co-ordination between the auditor and the branch management is essential for an effective audit and timely completion with the highest audit quality. A NOC from the previous auditor should be obtained and kept on record by the Statutory Branch Auditor. Immediately after accepting the appointment, the SBA should send a formal communication to the Branch management/HO accepting his appointment and other declarations and undertakings as required. The SBA needs to issue the audit engagement letter in accordance with Standard on Auditing (SA) 210, "Agreeing the Terms of Audit Engagements" and the requirement letter which will contain the details or information needed to conduct the audit to enable the branch management to keep the requisite documents, information, etc., ready.

2. Audit planning

The SBA should plan the audit keeping in mind the requirements of SA 300, "Planning an Audit of Financial Statements. The auditor should work out an overall audit strategy for execution of the audit within the time limits and composition of persons in the audit team should be kept accordingly who are acquainted with the rules and regulations governing branch and have a basic knowledge about RBI regulations and circulars governing. SBA should take the basic understanding of the internal guidelines/circulars/policies followed by the bank. Risk Assessment is to be carried out based on clear understanding of the business profile of the bank.

3. Audit of Advances and NPA matters

SBA should prepare / suitably create check list to verify advances and see that sanctioning, disbursement, review /renewal and monitoring of advances are being done properly. The auditor should select appropriate sample from all categories of advances so that they truly represent the entire population and carry out appropriate test checks. SBA should document the criteria for test check which he has chosen for verification of advances and should prepare a check list in accordance with the circulars issued by RBI on time to time.

SBA should study the latest Income Recognition and Asset Classification (IRAC) guidelines of RBI. The RBI vide its notification dated September 14, 2020 has mandated that income recognition, asset classification and provisioning should be totally automated by the banks. The auditor should appropriately deal with the deviations in classification and accordingly, Memorandum of Changes (MOC) should be issued if required.

The RBI is now insisting on checking of Central repository of Information on Large Credits (CRILC) for advances over Rs. 5 Crores, which maintains history of the borrowers from inception. Banks have to update this every time the borrower moves into or out of default. Similarly, for advances less than Rs. 5 Crores, the RBI maintain Central Fraud Registry (CFR) which holds all the data regarding frauds reported by banks in India. These accounts should be verified by SBAs. Needless to say, if there are deviations in advances, the auditor should report the same.

4. Audit related to Cash and Housekeeping Matters

SBA should check internal controls on custody of cash and examine as per the cash management policy of the bank. The SBA should physically check cash at the branch and at the ATM attached to the branch. SBA should examine rotation of duties of key management at branch for effective operations. Observations on Daily Cash limits exceeded needs to be reported in LFAR.

5. Audit related to Financial Statements

SBA should carry out analytical and substantive audit procedures to verify true and fair view of the financial statements and apply basic audit principles. The auditor should set materiality level in accordance with SA 320, “Materiality in Planning and Performing an Audit” and carry out substantive audit procedures for all material transactions. The SBA may apply analytical procedures such as ratio analysis and comparative analysis to find out material misstatements, if any in the financial statements. Based on these procedures, SBA should frame his audit opinion.

6. Long form Audit Report (LFAR)

LFAR is a questionnaire prepared by RBI which SCAs communicates with SBAs to answer all relevant data in a predefined structured format. This questionnaire contains questions, which are relevant to the specialized branches dealing in foreign exchange transactions, branches having very large advances, recovery of non-performing assets (NPA) and clearing house operations, if any. Auditors of foreign branches of Indian banks should also furnish this report. The SBA should report all deficiencies noted by him in the Long Form Audit Report. Many at times it is observed that Branch LFARs may contain comments that may need attention in the main statutory audit report. The consolidation takes place based on LFARs submitted by the SBAs in respect of branches/offices.

7. Internal Financial Controls over Financial Reporting (IFCoFR) –

The RBI has made reporting on IFCoFR for Public Sector Banks mandatory from Financial Year 2020-21. SCAs of Nationalised Banks report on the same on the basis of testing of various controls by them. However, some of the controls have to be tested at branch level on sample basis which are decided and communicated to SBA by SCA in consultation with bank management.

8. Reports and Certificates to be issue by Bank Branch Auditor

The SBA should carefully make a list of all the annual returns/financial statements and certificates to be verified and certified as part of the branch audit. Final audit report and LFAR are two documents that are issued by the statutory auditor to the bank management. In final audit report, reporting on IFCoFR also have to be done wherever applicable. The Auditors should ensure that the audit report issued by them complies with the requirements of Revised SA 700 – Forming an Opinion and reporting on financial statements, SA 705 - Modification to the opinion and SA 706- Emphasis of matters para.

The SBA are required to issue certificates besides their main audit report and LFAR, following matters are few samples out many:

- Certificate to Statutory Central Auditors
- Certificate as to whether the income recognition, asset classification and provisioning have been made as per the guidelines issued by the RBI from time to time.
- Certificate of Cash and Bank balances
- Certificate relating to DICGC transactions
- Certificate for claims relating to interest subvention under various govt. schemes.
- Certificate on recommendations of Ghosh committee & implementation of Jilani committee
- Certificate on Break-up of Suspense Account and outstanding for 6 months and above
- Certificate on all outstanding entries above Rs. 50,000 up to 6 months.
- Certificate for Having Given Effect of MOCs Suggested, if any.
- Statutory Auditor's Certificate Relating to CGTMSE
- Certificate for Borrowers Restructured Under One Time Policy on Restructuring of MSME Sector Advances and Relating to Relief for MSME Borrowers Registered under GST.
- Certificate of Contingent Liabilities, Bills for collection, payables etc.

SBAs are also required to comply with the requirements of UDIN while issuing such reports &certificates.

9. Audit Documentation in Bank Branch Audit

The auditor should prepare the audit plans and make a note of the checks that will be carried out by him during the audit process. He should note the queries raised by him and how the same have been resolved, nature of issues that have arisen and the documents obtained for the same and significant matters which have come across. Audit documentation should ensure that it provides sufficient evidence of the auditor's basis for a conclusion about the true and fair view of the financial statements of the branches, certificate issued, and his observations mentioned in the LFAR. Further, audit documentation should also ensure satisfactory evidence that the audit was planned and performed in accordance with SAs and applicable legal and regulatory requirements.

An Illustrative list of documents to be maintained in the bank branch audit file is given below:

- Appointment formalities, including appointment letter, NOC from previous auditor, engagement letter etc.
- Latest RBI Master Directions / Circulars, other material for conducting the audit.
- Closing guidelines / circular issued by the bank.
- Summary of the relevant provisions of the RBI master directions, IRAC norms, closing circular used at the branch.
- Details branch audit plan and program as per SA 230.
- Understanding the powers and responsibilities at various levels in the branch.
- Summary of the accounting policies, observations from previous audits, inspection reports, concurrent audits etc. and how the auditor has verified their satisfactory compliances.
- Audit procedures adopted and determination of materiality levels. understanding of the internal controls, IT system controls.
- Audit working papers and issue trackers. How the issues raised during audit were concluded.
- Financial Statements of the previous year and current year.
- Management certified Trial Balance for the year.
- Various Audit reports such as internal inspection report, concurrent audit reports, previous year statutory audit report.
- Statement of advances with classification along with various fields duly filled such as security, sanction limits, date of sanction / renewal, outstanding balance etc.
- Specific representation, notes and working papers received by the bank's management on sensitive or significant audit issues or accounts.
- List of latest and updated stock and security statements, valuation and inspection reports.
- List of documents verified and minutes of meeting with the bank's management.
- Copies of supporting documents verified and confirmations obtained during the audit.
- Verification of other assets and liabilities.
- Proof of various securities, cash and other assets physically verified during the audit.
- ATM verification details.
- KYC verification, anti-money laundry verification, FEMA compliance at branches.
- Verification of third-party products.
- Off balance sheet items, claims against banks and contingent liabilities.
- Other Bank / RBI balance confirmation.
- Management Representation Letter.
- Various other audit documents / evidence considered in audit process.

Few lists of reports will benefit SBAs (if shared in advance or taken from CBS) while undertaking the Audit in a fully computerised environment

- List of SMA / Watch list / Probable NPA/Weak account accounts as on the last date of audit period.
- List of LCs devolved/ BG invoked during the period / year.
- List of accounts slipped to NPA including quick mortality/upgraded and written off during the period.
- Red Flagged Accounts since more than 6 months
- 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
- List of advances, where significant erosion in security value is observed and List of NPA Accounts with Security Valuation not carried out within the prescribed period.
- Backdated updation of stock and book debt statements i.e. difference between date of updation in CBS and date of actual receipt of the Stock Statement.

Checklist for Statutory Bank Branch Audit:

Sr. No.	Particulars	Remarks
1	**General: Areas of Review Pre Audit**	
	Review of Latest available inspection reports of Internal/Concurrent/RBI/Statutory Auditors and compliance thereof.	
	Review of Closing Circular issued by Head Office	
	Study of Significant accounting policies of the Bank & computer system	
	Study of Business mix of the Branch & determination of the sample size and percentage of checking in each area	
	Compliance of Mandatory Accounting Standards / Auditing Standards and RBI circulars	
	Intimation in writing whether given to the Branch Manager regarding requirements for audit and documents to be kept ready for audit.	
2	**Deposit (Term, Saving, Current, FCNR/ NRE/ NRNR)**	
	i) New Accounts opened & Accounts closed;	
	ii) Dormant Accounts;	
	iii) Interest calculations;	
	iv) Test check account statements for unusual/ large/ overdraft transactions;	
	v) Overdue Term deposits & banks policy for its renewal;	
	vi) Accrual of interest;	
	vii)RBI Norms for Non-resident deposits & its operations – with due importanceto opening and operation of accounts like NRE, NRNR, FCNR, RFC, etc.;	
	viii) Interest on various types of deposits;	
	ix) Tax Deducted at Source.	
	x) Large deposits placed at the end of the year (probable window dressing).	

Sr. No.	Particulars	Remarks
	xi) Examine unusual trend in account opening or account closing, dormant accounts that have suddenly been reactivated by heavy cash withdrawals or deposits, overdrawing, etc.	
	xii) Examine interest trends as compared to average annual deposits (monthly average figures).	
3	**Advances**	
	i) Review monitoring reports (irregularity reports) sent by the branch to the controlling authorities in respect of irregular advances.	
	ii) Review appraisal system, Files of large as well as critical borrowers, sanctions, disbursement, renewals, documentation, systems, securities, etc.	
	iii) Review on test check basis operations in the Advances Accounts.	
	iv) Compliance of sanction terms and conditions in the case of new advances.	
	v) Whether the borrower is regular in submission of stock statements, book debt statements, insurance policies, balance sheets, half yearly results, etc. and whether penal interest is charged in case of default / delay in submission of such data.	
	vi) Charge of interest and recovery for each quarter or as applicable to be verified.	
	vii) Review the monitoring system, i.e. monitoring end use of funds, analytical system prevalent for the advances, cash flow monitoring, branch follow-up, consortium meetings, inspection reports, stock audit reports, market intelligence (industry analysis), securities updation, EWS etc.	
	viii) Check classification of advances, income recognition and provisioning as per RBI Norms/ Circulars.	
	ix) Examine interest trends as compared to average annual advances (monthly average figures).	
	x) Scrutinise the final advances statements with regard to assets classification, security value, documentation, drawing power, out standings, provisions, etc.	
	xi) Check whether Non-Fund based (Letter of Credits/ Bank Guarantees) exposure of the borrowers is within the sanctioned limits.	
	xii) Compare projected financial figures given at the time of project appraisal with actual figures from audited financial statements for relevant period and ascertain reasons for large variance.	
	xiii)Take into account the assessment of RBI if the regional office of RBI has forwarded a list of individual advances to the bank, where the variance in the provisioning requirements between the RBI and the bank is above certain cutoff levels	

Sr. No.	Particulars	Remarks
4	**<u>Profit & Loss Account</u>**	
	Verify:	
	i) Short debit of interest/ commission on advances;	
	ii) Excess credit of interest on deposits;	
	iii) In case the discrepancies are existing in large number of cases, the auditor should consider the impact of the same on the accounts;	
	iv) Determine whether the discrepancies noticed are intentional or by error;	
	v) Check whether the recurrence of such discrepancies is general or in respect of some specific clients;	
	vi) Proper authority in sanction and disbursement of expenses as also the correctness of the accounting treatment given as to revenue/ capital/ deferred expenses.	
	vii) Check accrual of income/ expenditure especially for the last month of the financial year.	
	viii) Divergent Trends– Divergent trends in income/ expenditure of the current year may be analysed with the figures of the previous year. Wherever a divergent trend is observed, obtain an explanation along with supporting evidences like monthly average figures, composition of the income/expenditure, etc.	
5	**<u>Balance Sheet</u>**	
	Cash & Bank Balances:	
	i) Physically verify the Cash Balance as on March 31, 20## or reconcile the cash balance from the date of verification to March 31, 20##.	
	ii) Confirm and reconcile the Balances with banks as on March 31, 20##.	
	Investments:	
	i) Physically verify the Investments held by the branch on behalf of Head Office and issue certificate of physical verification of investments to bank's Investments Department.	
	ii) Check receipt of interest and its subsequent credit to be given to Head Office.	
	Advances Provisioning:	
	i) As per RBI norms, unrealised interest on NPA accounts should be reversed and not charged to "Advance Accounts". Reversal of unrealised interest of previous years in case of NPA accounts is required to be checked.	
	ii) Partial Recovery in respect of NPA accounts should be generally appropriated against principal amount in respect of doubtful assets.	
	Fixed Assets:	
	Check Inter-branch transfer memos relating to Fixed Assets and whether they have been correctly classified in the accounts and depreciation accounting thereof.	
	Inter Branch Reconciliation (IBR):	
	i) Understand the IBR system and accordingly prepare an audit plan to review the IBR transactions. The large volume of Inter Branch Transactions and the large number of unreconciled entries in the banking system makes the area fraud-prone.	
	ii) Check head office inward communication to branch to ascertain date upto which statements relating to inter branch reconciliation have been sent.	

Sr. No.	Particulars	Remarks
	Check and report:	
	i) Reversal of any large/ old/ unexplained entries, which had remained outstanding in IBR.	
	ii) Items of revenue nature, cash-in-transit (for example, cash meant for deposit into currency chest) which remains pending for more than a reasonable period.	
	iii) Double responses to the entries in the Accounts.	
	iv) Test Check accuracy and correctness of "Daily statements" which are prepared by the branch and sent to IOR department. The auditor should duly consider the extent of non-reconciliation in forming his opinion on the financial statements. Where the amounts involved are material, the auditor should suitably qualify his audit report	
	Suspense Accounts, Sundry Deposits, etc.:	
	v) Suspense accounts are adjustment accounts in which certain debit transactions are temporarily posted whose authorisation is pending for approval. Sundry Deposit accounts are adjustment accounts in which certain credit transactions are temporarily posted whose authorisation is pending for approval, As and when the transactions are duly authorised by the concerned officials they are posted to the respective accounts and the Suspense account/Sundry Deposit account is credited/ debited respectively.	
	vi)Ask for and analyse their year-wise break-up. Check the nature of entries parked in such Accounts.	
	vii) Check any movement in such old balances and whether the same is genuine and has been properly authorised by the competent authority.	
	viii) Check for any revenue items lying in such accounts and whether proper treatment has been given for the same.	
6	**Auditors Report & Memorandum of Changes**	
	i) The Auditors Report should be a self-contained document and should contain no reference of any point made in any other report including the LFAR;	
	ii) Include Audit Qualifications in the Auditors Report and not in the LFAR;	
	iii) Quantify the Audit Qualifications for a better appreciation of the point made to the reader;	
	iv) For suggesting any changes in the financial statements of the branch, quantify the same in the Memorandum of Changes (MOC) and make it a subject matter of qualification and annex it to the Auditors Report.	

Thank you for reading this article. I hope it helped you in understanding and expanding your horizon about Bank Branch Audits. Refer latest **ICAI Guidance note on Branch Audit** and **Technical Guide on Audit of Internal Financial Controls** in case of Public Sector Banks for more details and knowledge.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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Corporate Social Responsibility (CSR) expenditure incurred, ITC shall be available in GST, Penalty for not fulfilling CSR obligations under Companies Act 2013 &Treatment of CSR expenditure in Income tax

What is Corporate Social Responsibility (CSR)?

Corporate Social Responsibility (CSR) is the idea that a company should play a positive role in the community and consider the environmental and social impact of business decisions. It is closely linked to sustainability − creating economic, social, and environmental value – and ESG, which stands for Environmental, Social, and Governance. All three focus on non-financial factors that companies, large and small, should consider when making business decisions.

CSR is now compulsory for Every company having net worth of Rupees Five Hundred crore or more or turnover of Rupee One Thousand Crore or more or a Net Profit of Rupee Five crore or more in the immediately preceding financial year as per Section 135 of the Companies Act 2013. The Board of every such company shall ensure that the company spends in every financial year at least two percent of the average net profits of the company made during the three immediately preceding financial years.

Section 135 of companies Act, 2013 enshrines corporate social responsibility as follows:

Sub-section (1) Every company having net worth of rupees five hundred crore or more or turnover of rupee one thousand crore or more or a net profit of rupee five crore or more in the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Sub-section (5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial year, or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibilities activities.

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 specify the reasons for not spending the amount and, and unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Sub-section (6) Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its corporate social responsibility policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of third financial year.

Sub-section (7) If a company is in default in complying with the provisions of sub-section (5) or sub section (6), the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupee, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.

Goods & Service Tax (GST)

The question raised by the applicant before Telangana State Authority for Advance Ruling

Whether ITC is available on CSR expenditure spent by the Company?

Recently **Telangana State Authority for Advance Ruling** in the case of **M/S Bambino Pasta Food Industries Private Limited vide TSAAR Order No.52/2022 , A.R.Com/17/2022 dated 20-10-2022** rightly held that the expenditure made towards corporate social responsibility under section 135 of the Companies Act, 2013, is an expenditure made in the furtherance of business. Hence the tax paid on purchases made to meet the obligations under corporate social responsibility will be eligible for input tax credit under CGST and SGST Acts.

Facts of the Case

The applicant Bambino Pasta Food Industries is a manufacturer of Vermicelli and pasta products.

During the covid time, when oxygen was scarce in the country, Applicant has donated oxygen plant to AIIMS hospital Bibinagar, Yadari Bhongir District, for the benefit of patients who were suffering with low oxygen levels. For this purpose, the applicant has purchased PSA oxygen plant and spare parts for that oxygen plant for Rs 62,74,200 which includes IGST paid of RS 9,16,200.

Contention by the Taxpayer.

The applicant is of the opinion that the expenditure made by them comes under the CSR provisions as per Section 135 of the Companies Act, 2013.

The applicant is of the view that it is eligible to claim ITC on CSR expenditure spent by it since it is spent in accordance with the provisions laid down by the Companies Act, 2013. CSR expenses incurred by the applicant have been mandated under the Companies Act, 2013. Therefore, CSR activity is to be considered as "used or intended to be used in the course or furtherance of business.

As per section 17(5)(h) of the CGST Act, 2017, input tax credit shall not be available in respect of "goods lost, stolen, destroyed, written off or disposed by way of gift or free samples." The term "Gift" has not been defined under the CGST Act, 2017, however in common parlance gift is provided to someone occasionally, without consideration and which is voluntary in nature.

Further, the applicant also relies upon the judgement of the Hon'ble Supreme Court of India, in the case of Ku. Sonia Bhatia V. State of UP (1981-VIL-06-SC), wherein Hon'ble Court has cited the definition of "Gift" from Corpus Juris Secundum, Volume 38 in the following words:A gift is commonly defined as a voluntary transfer of property by one to another, without any consideration or compensation there for.

Since CSR expenses are not incurred voluntarily, accordingly, applicant is of the opinion that it does not qualify as "Gift" and therefore its credit is not restricted under section 17(5) of the CGST Act, 2017.

Discussion, findings and Ruling by the AAR

As can be seen from the above statutory provisions of the Companies Act, 2013, the Companies with a specified networth or net profit are obliged to incur a minimum of 2% of their net profit towards their corporate social responsibility and failure to do so will attract penalty under sub section 7 of section 135 of the said Act which may go upto a maximum of RS 1 Crore. Thus, the running of the business of a company will be substantially impaired if they do not incur the said expenditure. Therefore, the expenditure made towards corporate responsibility under section 135 of the Companies Act, 2013, is an expenditure made in the furtherance of the business. Hence the tax paid on purchases made to meet the obligations under corporate social responsibility will be eligible for input tax credit under CGST and SGST Acts.

The ruling is given as below:

In view of the above discussion, the question raised by the applicant are clarified as below:

Question	Ruling
Whether ITC is available on CSR expenditure spent by the company?	The expenditure made towards corporate social responsibility under section 135 of the Companies Act, 2013, is an expenditure made in the furtherance of the business. Hence the tax paid on purchases made to meet the obligations under corporate social responsibility will be eligible for input tax credit under CGST and SGST Acts.

That **Hon'ble CESTAT Mumbai, in the case of M/S Essel Propack Ltd. Vs. Commissioner of CGST, Bhiwandi {2018 (362) E.L.T. 833 (Tri. – Mumbai) – 2018-VIL-621-CESTAT-MUM-ST},** has observed that : "Sustainability is dependent on CSR without which companies cannot operate smoothly for a long period as they are dependent on various stake holders to conduct business in an economically, social and environmentally sustainable manner i.e. transparent and ethical. Hence in my considered view, CSR which was a mandatory requirement for the public sector undertakings, has been made obligatory also for the private sector and unless the same is to be treated as input service in respect of activities relating to business, production and sustainability of the company itself would be at stake." It is now to be looked into as to if CSR can be considered as input service and be included within the definition of "activities relating to business" and if in so doing, a company's image before corporate world is enhanced so as to increase its credit rating as found from the handbook of CSR activities published by the Confederation of Indian Industry (CII). The answer is in the affirmative since to win the confidence of the stake holders and shareholders including the people affected by the supply of raw material from their locality say natural resources like mines and minerals etc. the hazardous emission that may result in production activities.

Order

The appeal is allowed and the order passed by the Commissioner (Appeals) demanding duty, interest and penalty against input service availed by the appellant company towards fulfilment of CSR activity is hereby set aside.

Also in the Advance Ruling in the case of **Dwarikesh Sugar Industries Limited, Uttar Pradesh AAR** gave a ruling that CSR is a mandatory obligation on a company under the companies Act 2013. So the expenses incurred by the company in this regard can be considered as incurred in the course of business. It is mandatory for company to fulfil this obligation to continue its business. AAR also stated that as it is a mandatory obligation and it cannot be considered as gift. So, ITC cannot be said to be blocked under section 17(5) of CGST Act, 2017.

Conclusion – CSR expenditure – Input Tax Credit - GST:

All above decisions are a welcome decision wherein expenditure made towards corporate social responsibility are required to be incurred as per section 135 of the companies act 2013 and therefore the said expenditure are considered as incurred in the course of furtherance of business. CSR is mandatory for company to fulfil this obligation to continue its business. Therefore, input tax credit is available on CSR expenditure spent by the company under CGST and SGST Acts.

Companies Act 2013

Order for Penalty for Violation of Section 135 of the Companies Act, 2013 In the matter of **Comviva Technologies Limited issued from Government of India, Ministry of Corporate Affairs, Office of Registrar of companies, NCT of Delhi & Haryana**vide No. ROC/D/Adj Order/Section 135/Comviva/5702-5710 Dated 27-09-2022.

Appointment of Adjudicating Officer:

Ministry of Corporate Affairs vide its Gazette Notification No.A-42011/112/2014-Ad.II, dated 24-03-2015 (See SO 831 (E) , dated 24-03-2015) appointed undersigned as Adjudicating Officer in exercise of the powers conferred by section 454 (1) of the Companies Act, 2013 (herein after known as Act) r/w Companies (Adjudication of Penalties) Rules, 2014 for adjudging penalties under the provisions of this Act.

Facts of the case:

An application dated 26/07/2022 has been received from the company admitting non-compliance of section 135 (5) of the Companies Act, 2013 whereby it has been stated that the company was required to spent Rs 2,88,65,811 as part of its CSR obligation during the financial year 2020-2021. However, the company spent Rs. 2,83,15,689 towards its CSR obligation during the financial year 2020-2021.

During the end of the financial year the company had an unspent amount of Rs. 5,50,122 which was to be transferred within six months of the end of the financial year i.e. 31st March 2021 to the fund specified in Schedule VII of the Act in compliance of the Section 135 (5) r/w Rule 10 of the Companies (Corporate Social Responsibility Policy) Rule, 2014.

The subject company transferred such unspent amount of RS. 5,50,122 to the specified schedule VII fund (PM Relief Fund) on 22nd April 2021. However, due to inadvertence and technical error, the said amount bounced back into applicant Company's Bank account on the same day and it was remained unnoticed to the officers of the Applicant Company. However, the default was made good by the company and its officers by depositing unspent amount of Rs. 5,50,122/- to the Prime Minister's National Relief Fund on March 30,2022.

Adjudication of penalty

The Applicant Company and its officers who have made the default in complying the provisions of section 135 (5) by not transferring unspent CSR amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year are now liable for penalties under section 135(7) of the Companies Act,2013.

Violation Section	Penalty imposed on company/director (s)	Calculation of penalty amount	Maximum penalty can be imposed.
u/s 135 (5) of the Companies Act 2013	Comviva Technologies Limited	5,50,122 * 2 = 11,00,244 or Rs 1 crore whichever is lower	Rs 11,00,244
u/s 135 (5) of the Companies Act 2013	CEO, CFO, CS, 4 Directors and one another KMP	5,50,122/10 = 55,012.2 or Rs 2 lakhs whichever is less	RS 55012.2 to everyone separately.

Order

a. The company and its directors are hereby directed to pay the penalty amount as per above table. In case of directors such amount is required to be paid out of their own funds.

b. The company and its directors are hereby directed to rectify the default immediately from the date of receipt of copy of this order.

My Comments

The default was already rectified on March 30, 2022. Therefore, now no further action is required to be done by the company.

c. The notices shall pay the said amount of penalty through online within 90 days of receipt of this order.

Conclusion – CSR – Companies Act:

If company has not complied CSR requirements due to lack of funds then also Directors, CEO, CFO and CS are held responsible along with company. The same is also in line with Section 135 (7) of the companies act 2013. It is also mentioned that penalty levied on Director is to be paid from their own funds; may also mean penalty levied on CEO, CFO & CS may be allowed to be paid from the funds of the company.

CSR Expenses – Whether allowed in Income Tax Act or not

Explanation 2 to Section 37 (1) is added relating to CSR Expenditure which is as under:

37 (1)

Explanation 2. – For the removal of doubts, it is hereby declared that for the purposes of sub-section (1), any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 (18 of 2013) shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.

So as per Explanation 2 to Section 37 (1) any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be allowed as business expenditure.

The intent of Parliament in bringing the said provision is given in the Explanatory Memorandum to the Finance (No. 2) Bill, 2014 and is reproduced as under:

"CSR expenditure, being an application of income, is not incurred wholly and exclusively for the purposes of carrying on business. As the application of income is not allowed as deduction for the purposes of computing taxable income of a company. Moreover, the objective of CSR is to share burden of the Government in providing social services by companies having net worth/turnover/profit above a threshold. If such expenses are allowed as tax deduction, this would result in subsidizing of around one-third of such expenses by the Government by way of tax expenditure."

It is proposed to clarify that for the purposes of section 37(1) any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to have been incurred for the purpose of business and hence shall not be allowed as deduction under section 37. However, the CSR expenditure which is of the nature described in section 30 to section 36 of the Act shall be allowed deduction under those sections subject to fulfilment of conditions, if any, specified therein for example CSR expenditure laid out or expended on Scientific Research related to the business if revenue in nature is allowable under section 35(1)(i) and if capital in nature then allowable under section 35(1)(iv) etc.

Kolkata Tribunal in the case of JMS Mining Pvt Ltd v/s. PCIT-2, Kolkata ITA No.146/Kol/2021

The assessee is a mining service provider engaged in the business of management and operation of mines.

The company has made donations of Rs 1,35,00,000/- to certain Trusts, which qualifies as CSR Expenditure as per Section 135 read with Schedule VII of the Companies Act 2013 and the same has been added back in computation of income in accordance with Explanation 2 to Section 37(1) which states that "For removal of doubts, it is hereby declared that for the purposes of sub-section (1), any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed, to be an expenditure incurred by the assessee for the purposes of the business or profession."

The assesse has first suo moto added back the said amount and subsequently took further claim of benefit of deduction under Chapter VIA amounting to Rs. 67,50,000(50% of Rs 1,35,00,000/-) on account of CSR expenses/donation made to eligible/approved Charitable Trusts u/s 80 Gas the Trust were approved under section 80 G (5) (Vi) by the Commissioner of Income Tax, in this behalf. Neither there is any express provision nor any of the explanations present under section 80 G, prohibits the assessee to claim the amount made towards donations as deduction under Chapter VIA, even if the same has been classified as CSR expenditure for the purpose of Companies Act 2013.

In view of the above, the amount of Rs 1,35,00,000 is allowable under Chapter VIA of the Income Tax Act 1961.

Decision of the ITAT

ITAT noted/observed the following

From a plain reading of Explanation 2 to section 37 (1) of the Income Tax Act shows that any expenditure incurred towards CSR activities as referred to in Section 135 of the Companies Act, 2013 shall not be allowed as 'business expenditure' and shall be deemed to have not been incurred for the purpose of business.

The embargo created by this Explanation 2 inserted in section 37 of the Act by the Finance (No.2) Act 2014 was to deny deduction of CSR expenses incurred by companies, as and by way of regular business expenditure while computing "Income under the head Business".

So, it can be clearly seen that this Explanation 2 to Section 37(1) of the Act which denies deduction of CSR expenses by way of business expenditure is applicable only to the extent of computing "Business Income" under chapter IV – D of the Act. The said Explanation according to us cannot be extended or imported to CSR contributions which is otherwise eligible for deduction under any other provision or Chapter, to say donations made to charitable trusts registered u/s 80G of the Act.

Relevant portions of 80G of the Act is reproduced below:

Deduction in respect of donations to certain funds, charitable institutions, etc.

80G. (1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section,—

(i) in a case where the aggregate of the sums specified in sub-section (2) includes any sum or sums of the nature specified in sub-clause (i) or in sub-clause (iiia) or in sub-clause (iiiaa) or in sub-clause (iiiab) or in sub-clause (iiib) or in sub-clause (iiie) or in sub-clause (iiif) or in sub-clause (iiig) or in sub-clause (iiiga) or sub-clause (iiih) or sub-clause (iiiha) or sub-clause (iiihb) or sub-clause (iiihc) or sub-clause (iiihd) or sub-clause (iiihe) or sub-clause (iiihf) or sub-clause (iiihg) or sub-clause (iiihh) or sub-clause (iiihi) or sub-clause (iiihj) or sub-clause (iiihk) or sub-clause (iiihl) or sub-clause (iiihm) or in sub-clause (vii) of clause (a) or in clause (c) or in clause (d) thereof, an amount equal to the whole of the sum or, as the case may be, sums of such nature plus fifty per cent of the balance of such aggregate; and

(ii) in any other case, an amount equal to fifty per cent of the aggregate of the sums specified in sub-section (2).]

(2) The sums referred to in sub-section (1) shall be the following, namely :—

(*a*) any sums paid by the assessee in the previous year as donations to—

(iiihk) **The Swachh Bharat Kosh, set up by the Central Government, other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013** (18 of 2013); or (iiihl) **the Clean Ganga Fund, set up by the Central Government, where such assessee is a resident and such sum is other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013** (18 of 2013);

(iv) any other fund or any institution to which this section applies; or

(5) This section applies to donations to any institution or fund referred to in sub-clause (iv) of clause (a) of sub-section (2), only if it is established in India for a charitable purpose and if it fulfils the following conditions, namely :—

(vi) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the PCIT or Commissioner in accordance with the rules* made in this behalf;

From a bare reading of section 80G of the Act we note that deduction under this section has to be made in accordance with and subject to the provisions of this section i.e. section 80G of the Act. As per this section i.e. section 80G of the Act, an amount equal to 50% of the aggregate of the sums specified in sub-section 2 (refer sub-clause (iv) of Clause (a) of Sub section 2 of section 80 G of the Act read with section 80 G (1) (ii)) which allows the donation given to any other Fund or any institution to which this section applies and if it satisfies the requirement of sub-section (5) of Section 80G of the Act, then 50% of the donation is allowable expenditure (refer 80G (1) (ii)) even if the assessee has included the expenditure as CSR Expenditure because there is no prohibition or restriction placed by the Parliament on such a donation even if shown as CSR expenditure. The reason for saying so is that in section 80G of the Act certain restrictions in respect of deduction in respect pf two (2) donations are expressly seen in this section. So the Parliament has expressed its intention clearly by bringing in restriction in respect of expenditure classified by an assessee company while claiming deduction u/s 80G of the Act i.e. CSR expenditure related to Swachh Bharat Kosh and Clean Ganga Fund. So if an assessee makes some donation to these projects and include/classify it as CSR expenditure while claiming deduction u/s 80G of the Act then it will be allowed only the amount that is other than the sums spent by the assessee in pursuance of CSR u/s 135 of the Companies Act.

In other words, if a taxpayer company spends only the mandatory CSR expenditure, which includes the amount of donation to Swach Bharat Kosh and Clean Ganga Fund (referred to in section 80 G (2)(a) (iiihk) and (iiihl) of the Income Tax Act, then deduction under section 80G of the ITA was not allowable.

However, where the taxpayer expended the mandatory expenditure and gave donations to these two projects over and above the mandatory CSR expenditure, then the excess sum donated to Swach Bharat Kosh and Clean Ganga Fund would be eligible for deduction under section 80 G of the Income Tax Act.

Example: A company has reported eligible net profit u/s 135 of the Companies Act, 2013 at Rs. 100 crores. The minimum CSR contribution of 2% under section 135 (5) of the Act works out to Rs. 2 crores.

Situation 1: The company has been spent the required minimum CSR contribution of Rs. 2 crores towards construction of road & school in the vicinity of the backward area where the factory is located.

Tax Treatment: The entire CSR expenditure of Rs. 2 crores is to be disallowed and added back in terms of Explanation 2 to Section 37(1) of the Act. The said expenditure is not falling under 80 G Donation so the same will not be allowed under chapter VI A of the Act.

Situation 2 : The company has contributed Rs. 3 crores to Swach Bharat Kosh.

Tax Treatment: The entire CSR expenditure of RS. 3 crores is to be disallowed and added back in terms of Explanation 2 to section 37(1) of the Act.

In terms of Section 135(5) of the Companies Act 2013 read with Section 80 G (2)(a) (iiihk) read with Section 80G(1)(i) of the Act, only the excess sum paid amounting to RS. 1 crores (3 crores – 2% of Rs 100 crores) can be availed as deduction u/s 80G of the Act.

Situation 3 : The company has contributed Rs. 1 crore to Prime Minister's National Relief Fund and RS. 1 crore to any other charitable trust registered u/s 80 G (5) of the Act.

Tax Treatment: The entire CSR expenditure of RS. 2 crores is to be disallowed and added back in terms of Explanation 2 to Section 37(1) of the Act.

The company can claim deduction for 100% of the donation of Rs. 1 crores paid to Prime Minister's National Relief Fund u/s 80 G (2) (a) (iiia) read with Section 80 G (1) (i) of the Act.

The company can also claim deduction to the extent of 50% of the Donation of Rs. 1 crores paid to any other registered charitable trust u/s 80 G (2) (a) (iv) read with Section 80G(1)(ii) of the Act.

Applying the **legal maxim "expressiouniusestexclusioalterius**", it can be safely inferred that when the Legislature in particular has provided for only the above referred two specific exceptions in section 80G, then it is the implied intent of the Legislature to permit deduction u/s 80G in respect of CSR contributions made to funds/organizations referred to in all other sub-clauses of Section 80G (other than (iiihk) and (iiihl) of the Act.

Since the assessee satisfies the condition u/s 80 G of the Act of the donees, the assessee's claim for deduction of CSR expenses/contribution u/s 80G of the Act was allowed after enquiry by the AO. Thus action of the AO allowing the claim u/s 80G of the Act is a plausible view.

In the result, ITAT has allowed the appeal of the assessee.

The Bangalore Tribunal in the case of Allegis Services (India) vs. CIT in ITA No. 1693/Bang/2019 pronounced on 29-04-2020 has held as under:

In present facts of case, Ld. AR submitted that all payments forming part of CSR does not form part of Profit and Loss account for computing Income under the head, "Income from Business and Profession'". It has been submitted that some payments forming part of CSR were claimed as deduction under section 80G of the Act, for computing "Total taxable income", which has been disallowed by authorities below. In our view, assessee cannot be denied the benefit of claim under Chapter VI A, which is considered for computing "Total Taxable Income". **If assessee is denied this benefit, merely because such payment forms part of CSR, would lead to double disallowance, which is not the intention of Legislature.**

The Bangalore Tribunal in the case of FNF India Pvt Ltd vs. ACIT (ITA No. 1565/Bang/2019) reported in 2021-TIOL-319-ITAT-BANG pronounced on January,05,2021 held as under:

"Similar issue came up for consideration before this Tribunal in the case of Allegis Services (India) Pvt Ltd wherein it was held that "For claiming benefit under section 80G, ITA No. 146/Kol/2021 M/S JMS Mining Pvt Ltd Ay 2016-2017 deductions are considered at the stage of computing "Total Taxable income". Even if any payments under section 80G forms part of CSR payments (keeping in mind ineligible deduction expressly provided u/s 80G), the same would already stand excluded while computing, income under the head "Income from Business and Profession". The effect of such disallowance would lead to increase in

Business income. Thereafter benefit accruing to assessee under Chapter VIA for computing "Total Taxable income" cannot be denied to assessee, subject to fulfillment of necessary conditions therein ……… authorities below have erred in denying claim of assessee under section 80G of the Act………".

Conclusion – CSR – Income Tax Act 1961

As per Explanation 2 to section 37(1) of the Income tax act 1961 any expenditure incurred towards CSR activities as referred to in section 135 of the Companies Act 2013 including Donations given relating to CSR shall not be allowed as Business expenditure and shall be deemed to not be incurred for the purpose of business. Therefore in the Computation of Income the same is to be added to profit before tax to arrive at Profits and Gains of Business or Profession under Chapter IV-D of the Income tax act.

However CSR expenditure/Donations relating to CSR are eligible for deduction under Chapter VIA under section 80 G if conditions thereof are satisfied except Donations given up to eligible CSR amount to **Swachh Bharat Kosh** and **Clean Ganga Fund** as specified in section 80G(2)(a)(iiihk) and (iiihl) of the IT Act.If assessee is denied this benefit, merely because such payment forms part of CSR, would lead to double disallowance, which is not the intention of Legislature.

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EVENTS IN RETROSPECT

Day & Date	Committee	Program Name	Moderator / Speaker	Attendance / Views
21st November, 2022 to 9th December, 2022	Publication, Representation and Training Committee	CVOCA GST Study Course Batch 4	Various GST faculties	Beginners - 59 Learners - 60 Advanced - 66
Tuesday, 29th November 2022	Study Circle Committee	Recent Updates For Code of Ethics	CA Shreya Nagda	50 participants
Monday, 12th December 2022	Study Circle Committee	Overview on Code on Wages and Code on Social Security	CA Monil Gangar	46 participants
Friday, 23rd December 2022	Study Circle Committee	Overview of New Overseas Investment Provisions	CA Viral Satra	43 participants

EVENTS IN RETROSPECT

Day & Date	Committee	Program Name	Moderator / Speaker	Attendance / Views
Tuesday, 20th December 2022	50th Year Golden Jubilee Celebrations Committee	SAATHI HAATH BADHANA - Joy of Giving launch of Unique Charity Drive Event	CA Vallabh Bhansali and CA Prof. J. K. Shah	230 participants