

## **CORPORATE BANKING BRANCH**

N.S. Building, Opp. VCA Stadium, Civil Lines, Nagpur – 440 001

E-mail: [bo6295@pnb.co.in](mailto:bo6295@pnb.co.in)

### **ICAI WORKSHOP: CORE BANKING SYSTEM (CBS)**

#### **Detailed Session Agenda for Panel Discussion on Bank Branch Audit Using Finacle & Bankces**

**Session Theme:** Practical Training on Bank Branch Audits – Understanding CBS Reports & Commands for Effective Auditing

**Target Audience:** Auditors, Chartered Accountants, Bank Branch Auditors, and Financial Professionals

**Duration:** 3 hours (including Q&A)

**Venue:** ICAI Bhawan , Dhantoli Nagpur

**Timings:** 4.00 pm onwards

**Speaker:** Mandar Kapleshwari – Sr Manager CA

Sr.	TOPICS	DETAILS			
(I)	<b>SPEAKER – 1: NPA Identification, MPBF, &amp; Credit Monitoring Reports</b>				
	<b>(60 minutes)</b>				
(A)	<b>NPA Identification &amp; Reporting in CBS</b>				
(1)	Process of NPA classification (SMA-0, SMA-1, SMA-2)	Special Mention Account (SMA)			
		<b>Loans in the nature of Term Loans</b>		<b>Loans in the nature of cash credit/ overdraft</b>	
		SMA Subcategories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA Subcategories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
		SMA-0	Upto 30 days	SMA-0	Upto 30 days
		SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days

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		SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days
		<p><b>Non-Performing Asset (NPA)</b> A non-performing asset (NPA) is a loan or an advance where:</p> <ul style="list-style-type: none"> <li>a) interest and/ or instalment of principal remains overdue<sup>2</sup> for a period of more than 90 days in respect of a term loan,</li> <li>b) the account remains 'out of order' as indicated at paragraph below, in respect of an Overdraft/Cash Credit (OD/CC),</li> <li>c) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,</li> <li>d) the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,</li> <li>e) the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,</li> <li>f) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.</li> <li>g) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.</li> </ul> <p><b>'Out of Order' status</b> Cash credit/Overdraft (CC/OD) account is classified as NPA if it is 'out of order'. An account should be treated as 'out of order' if:</p> <ul style="list-style-type: none"> <li>a) the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days.</li> <li>b) In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.</li> </ul> <p><b>NPA classification on account of non-renewal of CC/OD limits</b> An account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.</p>			

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		<p><b>NPA classification on non-submission of stock statements</b> In working capital borrowal account, Bank relies upon stock statements not older than three months for determination of drawing power. The outstanding in the account based on drawing power calculated from stock statements older than three months, would be deemed as irregular. Account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower's financial position is satisfactory.</p> <p><b>NPA classification of Credit Card Accounts</b> A credit card account will be treated as non-performing asset if the minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement.</p>																									
(2)	CBS reports for tracking NPA movement	<p>Exhaustive list of Audit Reports/ Statements available at Amalgamated <b>EDW Portal</b> –</p> <table><tr><th>Audit Report/Statement</th><th>Description</th></tr><tr><td>Capital Adequacy &amp; Annexure - III</td><td>Non-fund Based advance statement</td></tr><tr><td>Credit RWA Master Summary (With &amp; Without Undrawn)</td><td>Credit Risk Computation master summary</td></tr><tr><td>Detail of Secured &amp; Unsecured Advance</td><td>Fund Based advance</td></tr><tr><td>Fresh Slippage (Quarterly/Yearly)</td><td>Fresh slippage from Standard to NPA</td></tr><tr><td>Gross NPA Detail</td><td rowspan="2">GNPA Statements</td></tr><tr><td>Gross NPA Summary</td></tr><tr><td>Movement of Gross <b>NPA</b> - D1: Detail (Quarterly/Yearly)</td><td rowspan="2">Movement of GNPA</td></tr><tr><td>Movement of Gross <b>NPA</b> - D1: Summary (Quarterly/Yearly)</td></tr><tr><td>Movement Gross NPA to NET <b>NPA</b> - D2: Detail (Quarterly/Yearly)</td><td rowspan="2">Gross to Net NPA Deduction</td></tr><tr><td>Movement Gross NPA to NET <b>NPA</b> - D2: Summary (Quarterly/Yearly)</td></tr><tr><td>Movement of Provision in <b>NPA</b> - D3: Detail (Quarterly/Yearly)</td><td rowspan="2">Movement of Provision</td></tr><tr><td>Movement of Provision in <b>NPA</b> - D3: Summary (Quarterly/Yearly)</td></tr><tr><td>Movement of NET <b>NPA</b> - D4: Detail (Quarterly/Yearly)</td><td rowspan="2">Movement of Net NPA</td></tr><tr><td>Movement of NET <b>NPA</b> - D4: Summary (Quarterly/Yearly)</td></tr></table>	Audit Report/Statement	Description	Capital Adequacy & Annexure - III	Non-fund Based advance statement	Credit RWA Master Summary (With & Without Undrawn)	Credit Risk Computation master summary	Detail of Secured & Unsecured Advance	Fund Based advance	Fresh Slippage (Quarterly/Yearly)	Fresh slippage from Standard to NPA	Gross NPA Detail	GNPA Statements	Gross NPA Summary	Movement of Gross <b>NPA</b> - D1: Detail (Quarterly/Yearly)	Movement of GNPA	Movement of Gross <b>NPA</b> - D1: Summary (Quarterly/Yearly)	Movement Gross NPA to NET <b>NPA</b> - D2: Detail (Quarterly/Yearly)	Gross to Net NPA Deduction	Movement Gross NPA to NET <b>NPA</b> - D2: Summary (Quarterly/Yearly)	Movement of Provision in <b>NPA</b> - D3: Detail (Quarterly/Yearly)	Movement of Provision	Movement of Provision in <b>NPA</b> - D3: Summary (Quarterly/Yearly)	Movement of NET <b>NPA</b> - D4: Detail (Quarterly/Yearly)	Movement of Net NPA	Movement of NET <b>NPA</b> - D4: Summary (Quarterly/Yearly)
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(3)	Commands/ menu options for auditors to extract NPA reports	(A) EDW Reports (B) Morning Checking Reports (C) MIS Report – RAUDIT						
(4)	System-generated year-end NPA provisioning reports	Closing returns available in <b>MORNING CHECKING REPORT</b> through path:  <b>SOL ID&gt;&gt; SASCL DATA Folder&gt;&gt; CBS March 24 Folder:</b>  <b>a) Closing returns</b> (i) Standard Asset (ii) Sub Standard Asset (iii) Doubtful Asset (iv) Loss Asset  <b>b) Closing returns – Staff Advances</b> (i) Standard Asset (ii) Sub Standard Asset (iii) Doubtful Asset (iv) Loss Asset  <b>c) Closing returns – Advances against Cash Securities</b> (i) Standard Asset (ii) Sub Standard Asset (iii) Doubtful Asset (iv) Loss Asset  <b>d) Annexure E</b> <b>e) Provision Calculation Worksheet</b>						
(5)	Memorandum of Changes (MOC) and NPA provisioning Disclosure	<table><tr><th>Finance</th><th>Description</th></tr><tr><td>FIN001 - MOC Verification Report-001-MOC Effect Auditor Provision Wise Impact Monitoring</td><td rowspan="2">Impact of Asset Classification &amp; Provision change Verification of MOC</td></tr><tr><td>FIN002 - MOC Verification Report-002-Asset Classification Wise Impact Monitoring</td></tr></table>	Finance	Description	FIN001 - MOC Verification Report-001-MOC Effect Auditor Provision Wise Impact Monitoring	Impact of Asset Classification & Provision change Verification of MOC	FIN002 - MOC Verification Report-002-Asset Classification Wise Impact Monitoring	
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FIN001 - MOC Verification Report-001-MOC Effect Auditor Provision Wise Impact Monitoring	Impact of Asset Classification & Provision change Verification of MOC							
FIN002 - MOC Verification Report-002-Asset Classification Wise Impact Monitoring								
<b>(B) MPBF (Maximum Permissible Bank Finance) &amp; Credit Limit Monitoring</b>								
(1)	MPBF calculation methodology	(1) Turnover Method [Nayak Committee] (Up to ₹5.00Crore) (2) Traditional Method – 1 [Tandon Committee - Working Capital Gap] (Above ₹5.00Crore) (3) Traditional Method – 2 (Above ₹5.00Crore) (4) Cash Budget System						
(2)	CBS reports for DP (Drawing Power) verification	➤ HCLM ➤ HCLL ➤ HACLHM ➤ EDW – MISD Reports – MISD-001 LIST ➤ EDW – MISD Reports – MISD-002 LIST						

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		➤ EDW – MISD Reports – MISD-003 LIST
(3)	Sanctioned vs. Utilized Limits & Cash Credit Account Monitoring	<ol style="list-style-type: none"> <li>1. Credit Utilization Ratio</li> <li>2. Margin Maintenance</li> <li>3. Timely Repayments</li> <li>4. Compliance with Terms</li> <li>5. Financial Performance</li> </ol> <p>Sajag Report - Preventive Monitoring System (PMS)</p>
(4)	Common errors & audit red flags in DP calculations	<ul style="list-style-type: none"> <li>✓ Stock/ Book Debts Statements not as per sanction Terms</li> <li>✓ Detailed lists of age-wise creditors/debtors, outstanding and beneficiaries (BG/LC issued) are not obtained/ scrutinized along with stock statement</li> <li>✓ CA Certified book debt statements to be obtained</li> <li>✓ Date of stock statement is different from the date for which stock statement is required to be submitted</li> <li>✓ In case of borrowers engaged in Gems &amp; Jewellery activity, branches should allow DP based on valuation from authorized valuer as per Bank's Policy.</li> <li>✓ GST returns are not kept on record along with stock statement and are not analyzed periodically. Sales are not routed through the Bank and not corroborated as per financial statement.</li> <li>✓ In some cases, computation of Drawing Power (DP) for Packing Credit limits/ Export receivables is not done as per Bank's guidelines.</li> <li>✓ In case of Consortium Advances/ Multiple Banking Accounts apportioned value and collateral value are not correctly fed in Finacle. Further, DP of borrowers in consortium banking arrangement to be verified by individual member Bank and monitoring cannot be delegated to the "Lead Bank" only.</li> <li>✓ Physical Verification of securities (primary/collateral) is not done on prescribed intervals and visit reports are not found on record as per Bank guidelines.</li> <li>✓ Sanctioning Authority to clearly define the inclusion/exclusion of various items viz unbilled revenue/ debtors, mobilization advance, amounts due to customers, retention money, security deposits, creditors, advance from customers (current/ non-current), advance to customers (current/ non-current), etc. which should be explicitly defined in the sanction letter.</li> <li>✓ Timely obtention of stock statements from the borrower and timely updation of the same in the CBS.</li> </ul>
(5)	Limit Outstanding over and above Limit Sanctioned in CBS	<ul style="list-style-type: none"> <li>➤ EDW – MISD Reports – MISD-001 LIST</li> <li>➤ EDW – MISD Reports – MISD-002 LIST</li> <li>➤ EDW – MISD Reports – MISD-003 LIST</li> </ul>
(C)	<b>Practical Demonstration &amp; Case Studies</b>	
(1)	Extracting NPA movement reports & SMA account lists	<b>Mentioned above</b>

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(2)	Using Finacle/ Bankces for DP monitoring & irregularities detection	Mentioned above
(i)	<b>Q&amp;A Session for Speaker 1 – 10 minutes</b>	
1)	<b>NPA Identification &amp; Reporting in CBS</b>	
1.	What are the key parameters used by CBS for classifying an account as SMA-0, SMA-1, and SMA-2?	Mentioned above
2.	How can auditors extract NPA movement reports from CBS?	Mentioned above
3.	What are some common errors in CBS-based NPA classification?	Mentioned above
4.	How do system-generated provisioning reports help in audits?	Save Time by applting sample checking
5.	Can you demonstrate the commands/ menu options in Finacle/ Bankces to check NPA accounts?	Mentioned above
2)	<b>MPBF (Maximum Permissible Bank Finance) &amp; Credit Limit Monitoring</b>	
6.	How is MPBF calculated using CBS data?	Mentioned above
7.	What CBS reports are used for DP (Drawing Power) monitoring?	Mentioned above
8.	What are the common red flags found in credit limit monitoring reports?	Mentioned above
9.	How do auditors detect cases of overutilization and irregular DP adjustments?	Check TODs and Adhoc Limits Sanctioned (if Any)
10.	Can you show how to extract reports for Cash Credit (CC) accounts and irregular limits?	Mentioned above
3)	<b>Practical Demonstration &amp; Case Studies</b>	
11.	Can you walk us through a real-life example of NPA identification using CBS reports?	



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12.	What CBS reports can help in tracking hidden stressed accounts?	Sajag Report - Preventive Monitoring System (PMS)
(II)	<b>SPEAKER – 2: Loan Sanctions, Provisioning, &amp; Revenue Leakage</b> (60 minutes)	
(A)	<b>Loan Sanctions, Disbursements &amp; Documentation Checks</b>	
(1)	CBS workflow for loan approvals & disbursements	<ul style="list-style-type: none"> <li>➤ Presently the loan approvals and accounts opening are done through specialized loan proposal tracking system i.e. LENs at ours upto ticket size of Rs. 25.00 Crores.</li> <li>➤ Limit sanctioned statement (LSS) which is monthly reporting of sanctions during the month.</li> <li>➤ Document register for sanctions and documentation</li> <li>➤ EM register for mortgage and CERSAI checking</li> </ul>
(2)	Verifying loan documentation through CBS reports	<ul style="list-style-type: none"> <li>➤ Loan documents are not uploaded on CBS/ no such reports are available to verify document. The same is only available in digitally sanctioned loans. Documents are needed to be verified from the file as it requires stamping. The same is generated through DLP and links are in Non-CBS.</li> </ul>
(3)	Common loan sanction & disbursement irregularities	<ul style="list-style-type: none"> <li>➤ PDCs i.e. Pre-Disbursement Certificates needs to be checked for all disbursements above Rs. 10.00 Lacs.</li> <li>➤ The sanction or acceptance document of the customer is important for valid disbursement.</li> <li>➤ The repayment date should be 1 month from the disbursement date (where moratorium is not provided)</li> <li>➤ Compliance of terms of sanction</li> <li>➤ Regular repayment in the accounts</li> <li>➤ <b>Wrong Data Feeding in Lens and CBS</b> <ul style="list-style-type: none"> <li>• Sector Classification</li> <li>• Incorrect value of securities fed in CBS</li> <li>• Installments fed in Finacle do not commensurate with sanction stipulation</li> <li>• Incorrect Scheme Code or Purpose fed in Finacle</li> <li>• Guarantee cover not marked in eligible loan accounts in CBS</li> <li>• Multiple Cust IDs exist in Finacle for single borrower</li> <li>• Incorrect ROI Code/ Absolute figures entered</li> </ul> </li> </ul>
(4)	Non Registration of Charge or Non-obtaining of Guarantee in CBS	Linking of collateral IDs in borrowal accounts be adhered to.
(B)	<b>Provisioning &amp; Compliance with IRAC Norms</b>	
(1)	CBS-generated provisioning calculations & system-based adjustments	<ul style="list-style-type: none"> <li>➤ AUD-009 - Movement Of Provision In NPA - D3 Detail</li> <li>➤ AUD-010 - Movement Of Provision In NPA - D3 Summary</li> <li>➤ FRMD-003 - Report For Provision And Recovery In Fraud Accounts</li> </ul>
(2)	Classification of Standard, Sub-Standard,	<b>Mentioned above</b>

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	Doubtful, and Loss Assets	
(3)	Reports required for year-end audit & statutory compliance	Mentioned above
(4)	Reports of Classification from CBS Environment n Control Returns and cross checking with Reports Out of CBS Environment.	Mentioned above
<b>(C) Revenue Leakage &amp; Interest Verification</b>		
(1)	Identifying cases where interest is not credited correctly	<b>Report Numbers at PNB</b> <ul style="list-style-type: none"> <li>➤ RAD-038 EDUCATION LOAN ACCOUNTS WHERE REPAYMENT HAS BEEN STARTED BUT INTEREST CAPITALIZATION IS PENDING</li> <li>➤ CRMD-064 KCC INTEREST OVERDUE - PENDENCY OF RECOVERY – DETAIL</li> <li>➤ CRMD-068 APPLICATION OF INTEREST IN LOAN ACCOUNTS</li> <li>➤ CRMD-103 INTEREST CAPITALIZATION IN MORATORIUM LAPSED ACCOUNT</li> <li>➤ CRMD-120 INTEREST CAPITALIZATION ZERO PRINCIPAL ACCOUNTS</li> <li>➤ DC-034 INCORRECT INTEREST TABLE CODE IN FD/TD/RD</li> <li>➤ IAD-029 REPORT OF ACCOUNTS WITH ZERO INTEREST CODE</li> <li>➤ RAD-045 EDUCATION LOAN ACCOUNTS WHERE INTEREST DEFERRED UP TO DATE IS BLANK DURING MORATORIUM PERIOD IN CBS</li> </ul>
(2)	Unrealized interest on NPAs & CBS-based income recognition reports	<ul style="list-style-type: none"> <li>➤ SMEAD-025 FEE BASED INCOME REPORT - BRANCH WISE/ CIRCLE WISE/ ZONE WISE</li> <li>➤ SMEAD-026 INTEREST INCOME</li> </ul>
(3)	GST, TDS & other statutory deductions from CBS reports	All the GST, TDS, and statutory deductions are controlled and monitored centrally from HO. However, branch TDS parking accounts can be checked for transfer entries.
<b>(D) Practical Demonstration &amp; Case Studies</b>		
(1)	Extracting reports for loan documentation tracking & provisioning verification	Mentioned above
(2)	Using CBS reports for interest leakage detection	Mentioned above
<b>(ii) Q&amp;A Session for Speaker 2 – 10 minutes</b>		
1)	<b>Loan Sanctions, Disbursements &amp; Documentation Checks</b>	



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1.	What are the key CBS reports used for verifying loan sanctions and disbursements?	<b>Mentioned above</b>
2.	How can auditors track incomplete or missing loan documentation using CBS?	No such report. This has to be tracked through physical files.
3.	What irregularities should auditors look for in sanctioned loans?	<b>Mentioned above</b>
4.	How can auditors detect unauthorized loan disbursements in CBS?	<b>Mentioned above</b>
<b>2) Provisioning &amp; Compliance with IRAC Norms</b>		
5.	How does CBS generate provisioning reports as per IRAC norms?	<b>Generated centrally and can be downloaded from EDW</b>
6.	What are the most common provisioning errors found in CBS?	<ul style="list-style-type: none"> <li>➤ Wrong security amount entered.</li> <li>➤ Collateral ID not linked</li> </ul>
7.	Can you demonstrate commands to check standard, sub-standard, and doubtful assets in CBS?	<b>Mentioned above</b>
8.	What year-end reports are critical for provisioning verification?	<b>Mentioned above</b>
<b>3) Revenue Leakage &amp; Interest Verification</b>		
9.	What common errors lead to interest income leakage in CBS?	<ul style="list-style-type: none"> <li>➤ Interest is not levied as per sanction stipulation, in Finacle</li> <li>➤ Modification in interest rate is done for which approval from competent authority is not available at the branch</li> <li>➤ Penal interest as per Bank's policy for the period of lapsed external rating, is not levied in the accounts</li> <li>➤ Penal interest as per Bank's policy on account of non-compliance of terms of DSRA is not levied</li> <li>➤ Refund of interest (penal/wrongly charged) to be done only after proper due diligence and approval from competent authority</li> <li>➤ In case of Loan against FDs correct ROI not being charged on renewal of FDRs, in some cases.</li> <li>➤ Interest table codes are not being reviewed/ modified / updated as per Bank guidelines.</li> <li>➤ Further, penal charges as per Bank's guidelines not recovered for delayed transactions on Import / Export Bills.</li> </ul>

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10.	How can auditors check unrealized interest on NPAs in CBS?	Reports available in RAUDIT Menu
11.	What CBS reports are useful for verifying GST, TDS, and statutory deductions?	All the GST, TDS, and statutory deductions are controlled and monitored centrally from HO. However, branch TDS parking accounts can be checked for transfer entries.
12.	Can you show how to extract interest calculation and tax deduction reports from CBS?	PNBRPT 9/17: Product Sheet for Interest Calculation
4)	Practical Demonstration & Case Studies	
13.	Can you share a real-life case study where revenue leakage was detected using CBS reports?	
14.	How can auditors track incorrect interest rate applications in CBS?	Reports available in RAUDIT Menu
<b>(III) <u>SPEAKER – 3: Fraud Detection, CBS Audit Logs, &amp; Compliance Reports</u></b> <b>(60 minutes)</b>		
<b>(A) <u>Frauds, Irregularities &amp; Early Warning Signals (EWS)</u></b>		
(1)	Identifying unusual transactions & fraud indicators in CBS	<ul style="list-style-type: none"> <li>➤ Heavy cheque purchase and even return of cheques of same person</li> <li>➤ Frequent Temporary Overdraft (TOD) and Adhocs</li> <li>➤ Frequent Cheque Bounces</li> <li>➤ High Value Cash Transactions in CC Account</li> <li>➤ Value Dated Transactions</li> <li>➤ Loan disbursement in Cash</li> </ul>
(2)	Tracking frequent loan restructuring & evergreening cases	Check Restructuring Sanctions
(3)	High-risk borrowers & stress asset monitoring reports	<b>Mentioned above</b>
<b>(B) <u>CBS Data Integrity, User Logs &amp; Backdated Transaction Audit</u></b>		
(1)	CBS-based audit trail & modification logs	<ul style="list-style-type: none"> <li>➤ Transaction ID: Unique identifier for each transaction</li> <li>➤ Transaction Date: Date the transaction was posted</li> <li>➤ Transaction Time: Time the transaction was posted</li> <li>➤ Transaction Type: Type of transaction (e.g., deposit, withdrawal, transfer)</li> <li>➤ Amount: Amount of the transaction</li> <li>➤ User ID: ID of the user who initiated the transaction</li> <li>➤ Terminal ID: ID of the terminal or device used to initiate the transaction</li> <li>➤ MORNING CHECKING REPORT – DMS – DAY BOOK</li> </ul>

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(2)	How to verify backdated entries & system adjustments	<b>Mentioned above</b>
(3)	Maker-Checker controls in CBS & common compliance issues	CBS is fully equipped through multi layered authorization in the form of password and biometric authorisation. There is maker checker concept in the CBS where only authorised staff with sufficient work class power (which depends upon scale of the staff) can verify/authorise the transactions.
<b>(C) Regulatory Compliance &amp; Year-End CBS Reports</b>		
(1)	Key CBS reports for RBI compliance (CRILC, SMA, provisioning reports)	<b>Mentioned above</b>
(2)	Verifying CBS-based GST, TDS & tax payments	<b>Mentioned above</b>
(3)	Common errors in CBS-based regulatory reporting	
<b>(D) Practical Demonstration &amp; Case Studies</b>		
(1)	Extracting CBS audit trail reports & fraud risk indicators	
(2)	Using Finacle/ Bankces for EWS monitoring & backdated transaction audits	
<b>(iii) Q&amp;A Session for Speaker 3 – 10 minutes</b>		
<b>1) Frauds, Irregularities &amp; Early Warning Signals (EWS)</b>		
1.	What are the key fraud indicators auditors should look for in CBS?	<ul style="list-style-type: none"> <li>➤ Transactions that are outside the normal course of business or exceed expected limits creating overdrawn in account</li> <li>➤ Transactions between the borrower and other than business related parties/relative/friends indicating diversion of fund. Transactions where funds are transferred between accounts in a circular manner resulting in money laundering.</li> <li>➤ Borrower with multiple accounts and routing the transaction among those accounts with sudden and unexplained increases in wealth</li> </ul>
2.	How does CBS help in tracking evergreening of loans?	<ul style="list-style-type: none"> <li>➤ Collect data on all loans, including loan amount, interest rate, repayment terms, and payment history.</li> <li>➤ Collect data on borrowers, including credit score, income, employment history, and application ratio to be within benchmark</li> <li>➤ Analyse payment patterns to identify loans with irregular or delayed payments.</li> <li>➤ Track loan modifications, such as extensions, renewals, or restructurings</li> </ul>

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3.	What CBS reports highlight high-risk borrowers and early warning signals?	<ul style="list-style-type: none"> <li>➤ PMS Sajag</li> <li>➤ Appendix C</li> <li>➤ Product Sheet to monitor the penal for indiscipline</li> </ul>
4.	Can you demonstrate how to extract SMA accounts and stress asset monitoring reports?	➤ Report available in CRMD folder in the EDW Server.
<b>2) CBS Data Integrity, User Logs &amp; Backdated Transaction Audit</b>		
5.	How do auditors use CBS audit trails to track backdated transactions?	<b>Mentioned above</b>
6.	What are the key CBS reports for modification logs and unauthorized adjustments?	No such access at Branch Level
7.	How does the maker-checker mechanism work in CBS, and how can auditors verify its compliance?	<ul style="list-style-type: none"> <li>➤ Auditor can verify the mechanism on the basis of following steps</li> <li>➤ Whether Log in to the CBS system as a maker with maker ID</li> <li>➤ Whether transaction has been Created with maker ID</li> <li>➤ Whether Log in to the CBS system as a maker with checker ID</li> <li>➤ Whether the transaction is approved or rejected by checker ID</li> </ul>
8.	Can you show an example where CBS logs helped detect fraudulent activity?	➤ Transaction logs: Record all transactions, including deposits, withdrawals, transfers, and payments
<b>3) Regulatory Compliance &amp; Year-End CBS Reports</b>		
9.	What are the key RBI compliance reports generated by CBS?	<b>Mentioned above</b>
10.	How can auditors verify CRILC, SMA, and provisioning reports?	➤ By having access to Knowledge centre portal, where data get updated every months and by log on to respective portal where the data is updated and published by RBI
11.	What common errors in tax compliance (GST, TDS) arise from CBS data?	<b>For GST</b> <ul style="list-style-type: none"> <li>➤ Incorrect GSTIN: Incorrect or invalid GSTIN (Goods and Services Tax Identification Number) in CBS data.</li> <li>➤ Incorrect Tax Rates: Incorrect tax rates applied to transactions in CBS data.</li> <li>➤ Missing or Incorrect Invoices: Missing or incorrect invoices in CBS data, leading to incorrect GST calculations.</li> <li>➤ Incorrect Reverse Charge Mechanism: Incorrect application of reverse charge mechanism in CBS data.</li> </ul>

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		<ul style="list-style-type: none"> <li>➤ Non-compliance with GST Returns: Non-compliance with GST returns, such as GSTR-1, GSTR-2A, and GSTR-3B.</li> </ul> <p><b>TDS-Related Errors</b></p> <ul style="list-style-type: none"> <li>➤ Incorrect TAN: Incorrect or invalid TAN (Tax Deduction and Collection Account Number) in CBS data.</li> <li>➤ Incorrect TDS Rates: Incorrect TDS rates applied to transactions in CBS data.</li> <li>➤ Missing or Incorrect TDS Certificates: Missing or incorrect TDS certificates in CBS data.</li> <li>➤ Non-compliance with TDS Returns: Non-compliance with TDS returns, such as TDS statements and TDS certificates.</li> <li>➤ Incorrect TDS Deductions: Incorrect TDS deductions made from transactions in CBS data.</li> </ul>
12.	How do auditors ensure CBS-based regulatory reporting is accurate?	<ul style="list-style-type: none"> <li>➤ Auditor can cross verify the performance of the firm/ customers on the basis of Financial statement/ ITR provided by the borrower and correlate it with CBS generated report to better understand the transaction trends in business.</li> </ul>
<b>4) Practical Demonstration &amp; Case Studies</b>		
13.	Can you share an example where fraud detection was possible using CBS audit logs?	
14.	How can auditors ensure year-end regulatory compliance using CBS reports?	<p><b>RAUDIT Reports</b></p> <ul style="list-style-type: none"> <li>➤ There are various report available in the CBS system the lists are as under:</li> <li>➤ List of A/cs where Penal Interest is set to 'No'</li> <li>➤ List of Advance A/cs where penal int. applicable date is more than limit expiry date</li> <li>➤ A/Cs where Penal Int. on Delayed Submission of Stock Statement not set</li> <li>➤ List of A/cs where Interest Table Code is 'ZERO' or LZERO</li> <li>➤ List of Loan a/cs where Interest Amount is 0.00</li> <li>➤ List of A/cs where Limit Level Interest is not defined</li> <li>➤ List of A/cs where Last Run Date of accounts is less than last run date of the system</li> <li>➤ List of Staff Housing/Vehicle loan a/cs where no interest is charged by system as outstanding pertains to Interest only</li> <li>➤ Preferential Interest in loan (CC/OD/TL/DL) A/Cs</li> <li>➤ List of accounts where rephasing has expired or is due in next 31 days</li> <li>➤ An Indicative report to identify accounts where interest moratorium period is over.</li> </ul>
➤ <b>Panel Discussion &amp; Open Q&amp;A (30 minutes)</b>		



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❖	What are the biggest challenges auditors face when using CBS for audits?	<ul style="list-style-type: none"> <li>➤ CBS generates vast amounts of data, making it challenging for auditors to extract, analyze, and interpret relevant data.</li> <li>➤ Auditors may face challenges in accessing CBS data due to security controls, data encryption, or access restrictions and lack of CBS knowledge.</li> </ul>
❖	How can CBS reports be better optimized for auditing purposes?	<ul style="list-style-type: none"> <li>➤ Standardize report formats to ensure consistency across different reports and periods.</li> <li>➤ Use standardized codes for transactions, accounts, and customers to facilitate data analysis.</li> </ul>
❖	What are some common audit findings from CBS reports in recent years?	<ul style="list-style-type: none"> <li>➤ DMS reports be generated regularly and scrutinized thoroughly, particularly inter sol transactions, to detect breach of limits.</li> <li>➤ Timely reconciliation of long outstanding entries lying in Sundry account and Suspense account, be ensured.</li> <li>➤ Reconciliation of Imprest accounts be done on timely basis and in case of long outstanding balances, same be marked as blocked account as per RBI guidelines</li> <li>➤ Cash retention limit exceeded many a times during the year.</li> </ul>
❖	How can Finacle/ Bankces be improved for better compliance and fraud detection?	<ul style="list-style-type: none"> <li>➤ Establishment of Clear Policies and Procedures</li> <li>➤ Conduct Regular Training and Awareness Programs</li> <li>➤ Ensure strict compliance with regulatory requirements.</li> <li>➤ Regularly conduct audits and reviews to identify potential fraud and ensure compliance with regulatory requirements.</li> </ul>
❖	Open Q&A from the audience.	
➤	<b>Practical Demonstration &amp; Case Studies</b>	
❖	Can you share a real-life case study where revenue leakage was detected using CBS reports?	
❖	How can auditors track incorrect interest rate applications in CBS?	