

**RFP (NIT No. 396 dated 31.01.2020)  
Engagement of Concurrent Auditors – Clarifications on RFP uploaded on  
31.01.2020 on [www.nabard.eproc.in](http://www.nabard.eproc.in) and [www.nabard.org](http://www.nabard.org).**

Based on the queries raised by the participants in the Pre-Bid meeting held on 12.02.2020, following clarifications are given:

| <b>Sr. No.</b> | <b>Query raised / Points of discussion</b>   | <b>RFP Reference</b>                | <b>Clarifications given</b>  |
|----------------|--|-------------------------------------|--|
| 1              | Digital Platforms being used in NABARD       | Section I para (2)                  | Core banking Solution (CLMAS), HRMS, Treasury Management (TLMAS), Data Collector (ENSURE), ECM, e-Mails, SMS etc. are being used in NABARD.  |
| 2              | DISA/ CISA qualified or only DISA qualified. | Section II para (b) page number 12. | Either CISA or DISA qualified.   |
| 3              | Release of monthly Audit Fee                 | Section III para (f)                | On submission of Audit Reports<br>(1) Monthly – HRMD (Bills, Leave and Salary), DPSP, Account, Finance, Treasury operations.<br>(2) Quarterly – DEAR (library), DOR (Government Sponsored Subsidy Schemes), FSPD & FSDD, IDD, BID, DSM.<br>(3) Half Yearly – IS Audit of HO department of HO.<br>(4) Yearly – DOR (Co-financing).<br>(5) Further, all such Reports as decided by Management from time to time. |
| 4              | Scope of work                                | Section III para(h)                 | (1) Revised Annexure III is attached.<br>(2) 100% Audit of all payment and receipt vouchers which include release of loan, recoveries, payment of interest, receipt of interest, interest subvention, release of subsidies, various taxes, etc.  |

|   |   |   |   |
|---|---|---|---|
| 5 | Copies of Audited Balance Sheet and Profit and loss A/c | Section VI- Annexure I serial No.4 of table | Required to submit Audited copies of Balance Sheet and Profit and Loss A/c without schedules.   |
| 6 | Names of Corporate Clients.                             | Section VI- Annexure I serial No.9 of table | List of Top 10 clients signed and sealed by Bidder Firm to be uploaded.   |
| 7 | Details of Code of Conduct / Audit Manual               | Bidder's response attachment.               | Bidder's declaration "Not Applicable" may be uploaded.  |
| 8 | Pre-Contract Integrity Pact                             | Page No.42 - Annexure IV (Serial No. 5.1)   | To be executed on Rs.200/- non-judicial stamp paper. The Pre-Contract Integrity Pact duly stamped to be submitted along with Technical bid at the time of submitting the technical and financial bid. Para 5 of Pre Contract Integrity Pact Earnest Deposit Money (EMD) to be deposited Rs 1.00 lakh. |

## **Section III - Annexure: III (Revised)**

### **Scope-Audit Work in Major Departments of Head Office**

#### **Human Resources Management Department (HRMD)**

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- i. *Cent percent audit of all vouchers for ensuring compliance with the provisions of Applicable Administrative Expenses (AES) Manual and NABARD Expenditure Rules.*
- ii. *Verification of all books of accounts as per AES Manual, Pre-audit of all third party payments as per guidelines.*
- iii. *100% verification of TDS and GST payments and timely remittance of TDS/GST to the tax authorities.*
- iv. *Reconciliation of Accounts with other banks.*
- v. *Vetting of provisions Vouchers /Statements at the time of closing of Books of Accounts and also quarterly provisions.*
- vi. *Booking of transaction in proper heads of account.*
- vii. *Verification of all expenses incurred through HRMS.*

#### **Scrutiny of all types of bills for ensuring**

- i. *Booking to proper head of account*
- ii. *Proper sanction of expenditure as per delegated power*
- iii. *Certification of proper receipt of goods and services*
- iv. *Issue of cheques and receipts thereof*
- v. *Ensuring of proper maintenance of books of accounts and registers.*

#### ***Leave & Increments***

- i. *Checking sanction of increments & pay fixation.*
- ii. *Checking of employee wise pay details.*

#### **Training**

- i. *Checking of expenditure incurred on Incentive Scheme for Professional Studies*
- ii. *Checking of expenditure incurred on training programmes*
- iii. *Checking of expenditure incurred on other training programmes approved by HO.*

#### **Audit of payment of salaries**

- i. *Checking of calculation of salary*
- ii. *Checking of calculation of overtime*
- iii. *Checking of sanction of various advances to staff*
- iv. *Checking of interest calculation*
- v. *Recovery of instalments of various advances*
- vi. *Reconciliation of employee-wise outstanding under various advances with Loan ledgers*

***Pension Cell***

- i. *Correct compliance with the instructions given in “Memorandum of Instructions on NABARD Pension Regulation, 1993” and subsequent amendments*
- ii. *Maintenance of Registers*
- iii. *Calculation of Average Monthly Emoluments (AME) / Pension*
- iv. *Delay in sanctioning/ communicating/ payment of pension/ family pension*
- v. *Delay in responding to Credit/ Debit Advices raised by ROs*
- vi. *Redressal of grievances of pensioners/ family pensioners*
- vii. *Pre-audit of all superannuation payments*

***Sanction & Release of Housing Loan***

- i. *Checking of sanction*
- ii. *Checking of release of installments*
- iii. *Checking of documents*
- iv. *Checking of calculation of interest*
- v. *Checking of interest on annual basis*
- vi. *Reconciliation of Individual Recovery Sheet with General Ledger on a yearly basis*

***Dispensary***

- vii. *Procedure of enlistment of suppliers*
- viii. *Checking of system followed for purchase of medicines*
- ix. *Checking up of system followed for settlement of bills*
- x. *Maintenance of stock registers*
- xi. *Maintenance of issue registers*
- xii. *Ensuring surprise verification of stock*

***Liveries***

- i. *Procedure followed for supply of liveries to staff members*

***Other Items***

- i. *Checking of uploading of data in HRMS*
- ii. *Checking of short/ excess provisions*
- iii. *Review of entries under Sundry Advances/ Sundry Creditors Account*

## ***Department of Premises, Security & Procurement (DPSP)***

### **Acquisition of Land and Construction of Office Premises/Quarters**

- i.** Examination of Proper approval / sanctions of State Govt. / Local Bodies for the allotment of land for the building or for purchase of properties including land / package deal premises / construction works.
- ii.** Sanctioning of construction plans by Controlling Authorities or competent local authorities.
- iii.** Clearance from the Law Department for acquisition of land/premises from private individuals, and following proper procedure through competitive quotations for the said acquisitions.
- iv.** Conveyance deeds and / or lease agreements / sale agreements executed.
- v.** Architects / Consultants (Civil and Electrical) and their terms of appointment whether approved by the Competent Authority (CA).
- vi.** Estimates of costs of the project (Civil, Electrical and others) and their approval by the CA before execution and variations, if any. Empanelment / Prequalification of contractors with the approval of CA.

### **Scrutiny of Tenders**

- i.** Invitation of Tenders, display thereof on NABARD's website, wherever applicable and their scrutiny and the award of works for various items (Civil, Electrical etc.) with the approval of CA.
- ii.** Approvals for variations in specifications / quantities / quality/drawings etc. due to compelling/changed circumstances with proper justification.
- iii.** Examination - whether any variation has given any undue benefit to the contractor and / or loss to NABARD.

### **Guarantee of Performance – Security Deposits, Earnest/Retention Money /Bank Guarantee**

- i.** Mobilization Advance, Security Deposit, Earnest Money, Retention Money, Secured Advance are as per the Agreement including the utilization thereof.
- ii.** Bank Guarantee wherever accepted in lieu of cash, its adequacy and validity - running account bills (Civil and Electrical) whether certified correctly.
- iii.** All performance guarantees properly obtained and preserved.

### **Settlement of Final Bills-Refund of Security Deposits**

- i.** Final bill payment is made with no-claim certificate and all recoveries and after receipt of 'as built' completion drawings and issue of completion certificate by the Architect.
- ii.** Final S.D. is refunded only after completion of Defect Liability period.

- iii. Whether, maintenance of all site records such as test report, Hindrance Register, site order book, cement and steel consumption up to date have been maintained?

#### **Examination of Financial Aspects:**

Examine the correctness of amounts sanctioned and vouchers passed vis-à-vis the claims/bills received. Whether provision of Income Tax Act, other Acts (like GST, etc.) and recoveries have been complied with. (Financial sanctions must be available for all payment made under appropriate head and no excess is paid without revised sanction). Whether expenditure has been booked under proper Heads of Accounts? Whether Maintenance of Registers was proper and provides all the necessary data required?

#### **Safe custody of Documents:**

Verify all the relevant documents related to each of the Project. This includes amongst others, Bank Guarantee, Original Tender Documents, approved notes and approvals thereof for costs, variations etc., performance guarantee, set of tender drawings, set of as-built drawings, completion certificate and approvals of local authorities. Conveyance deeds of all the properties. In case complete documents are not available, efforts made by the department to obtain the same may be commented upon.

- i. Preparation / maintenance of list of documents kept in safe custody / with provision for columns for removal / restoration of documents for official purpose.
- ii. Custody of keys of safes and operation thereof.
- iii. Key Movement Register.

#### **Maintenance of NABARD's properties:**

In case of all properties owned by NABARD, all the repairs and maintenance thereof shall be the responsibility of NABARD. However, in case of property taken on lease, the maintenance responsibility thereof shall devolve on NABARD / lessor in accordance with the terms and conditions of the agreement. If the owner does not carry out the repairs on request / demand as per terms of the agreement, NABARD shall serve a notice to the owner and carry out such repairs and recover the cost thereof from the owner on actual basis. A provision to this effect in the agreement shall be made as and when agreement is made/ renewed. All such agreements/renewals may be verified and seen that such clause /s has / have been incorporated in the agreements/renewals.

#### **Premises and Leased Flats**

- i. Verification / safe custody of bank's title deeds on a quarterly basis.
- ii. Checking of rent payments
- iii. Checking of adjustments of advances
- iv. Renewal of lease agreements

- v. Verification of documents
- vi. Awarding of contract for security arrangement for Office Premises and Staff Quarters.
- vii. Awarding of contracts for maintenance of Visiting Officers' Flats.
- viii. Whether rent, rates and taxes paid on time.
- ix. Verification of VOF maintenance certificates
- x. AMCs of VOFs / Bank's properties.

#### **Dead Stock Items**

- i. To check formation of panel of vendors and approval thereof.
- ii. To ensure procedure for purchase of dead stock items
- iii. Maintenance of quotation Register
- iv. Purchase Committee Recommendation /s
- v. Sanction of expenditure as per delegated power
- vi. Maintenance of Inventory Register
- vii. Allocation of Inventory Numbers / display thereof on inventory / dead stock articles through bar coding at every two year interval.
- viii. To ensure disposal of unserviceable items at regular intervals as per HO circulars.
- ix. Maintenance of Repairs to property Register, arrangement for repair and maintenance of dead stock items was satisfactory / unsatisfactory.
- x. Extent & Coverage of dead stock articles under service.
- xi. Annual/half yearly verification and monetary reconciliation.
- xii. The effectiveness of the AMCs

#### **Stationery Items**

- i. Preparation of approved list of suppliers, whether approved list of suppliers was renewed biennially after following the procedures?
- ii. Follow up of proper procedure for purchase of stationery items
- iii. Maintenance of Quotation Register
- iv. Purchase Committee recommendation /s
- v. Sanction of expenditure as per delegated power
- vi. Procedure followed for issue of stationery items
- vii. Maintenance and updating of Issue / Stock Register
- viii. Surprise verification of stock / maintenance of record thereof
- ix. Half-yearly stock verification.
- x. The mechanism to receive the deliveries as per order specification in terms of number and quality.
- xi. Aberrations, if any, in placing unduly large orders vis-à-vis the requirements.
- xii. Timely payment of bills of suppliers, delay if any and reasons therefor, wherever applicable.

#### **Printing of Registers etc.**

- i. Preparation and updating of approved list of printer biennially after following the procedures.

- ii. Maintenance and updating of quotation register.
- iii. Procedure followed for receipt of indents for printing various departmental formats, books etc.
- iv. Placing of order and receipt of printed material
- v. Settlements of bills, delay, if any and reasons therefor, wherever applicable.

### **Use of Bank's Car**

- i. Verification of RC books of bank's vehicles
- ii. Maintenance of Log Book
- iii. Maintenance of use of petrol Register
- iv. Maintenance of Repairs Register
- v. Maintenance of Accessories Register
- vi. Procedure followed for settlement of repair bills.
- vii. Procedure for purchase of Car for office as well as ED/CGM/GM
- viii. Obtaining of car insurance and timely renewal of car insurance policies.

### **Officers' Lounge and Staff Canteen**

- i. Performance of the caterers – whether as per the terms of agreement.
- ii. Timely settlement of bills of caterers.
- iii. Checking of deduction of tax at source

### **Telephone/Mobile**

- i. Verification of settlement of telephone/mobile bills
- ii. Checking of recovery of excess telephone/mobile call charges.
- iii. Procedure for purchase and providing of cell phones to officers – maintenance of record
- iv. AMC with cell phone providers
- v. Disposal of handsets after three years from the date of purchase

### **Insurance**

- i. Checking of adequacy of timeliness and appropriateness of the policy and coverage of all incurables related to bank's property.
- ii. Synchronization of policy period with financial year.

### **Sports Club/Welfare Associations**

- i. Checking of sanction of grants given
- ii. Checking up of bills for activities undertaken.
- iii. Maintenance of registers.

### **General Administration**

#### **Department of Securities and Premises(DPSP)**

- i. 100 % audit of all vouchers for ensuring compliance with the provisions of Administrative expenses (AES) Manual and NABARD Expenditure Rules 2014.



- ii. Verification of all books of accounts as per AES Manual, pre-audit of all third party payments.
- iii. 100% verification of TDS and GST payments and timely remittance of TDS/GST to the tax authorities.
- iv. Vetting of provisions vouchers / statements at the time of closing of book of accounts and also quarterly provisions.
- v. Joint custody of important documents, valuables.
- vi. 100% checking of assets accounting.
- vii. Booking of transactions in proper heads of account.
- viii. Checking of short / excess provisions
- ix. Review of Sundry Advances & Sundry Creditors – Sundry Deposits Accounts.

#### **Scrutiny of all types of bills for ensuring**

- i. Booking to proper head of account
- ii. Proper sanction of expenditure as per delegated power
- iii. Certification of proper receipt of goods and services
- iv. Issue of cheques and receipts thereof
- v. Ensuring of proper maintenance of books of accounts and registers
- vi. Checking of Bank reconciliation

#### **Department of Economic Analysis and Research - Library**

- i. Sanction/settlement of grant proposals/claims
- ii. Acquisition / Accessioning of Books and settlement of Bills
- iii. Subscription/Renewal of subscription to Journals/Magazines/On line databases.
- iv. Issue and Return of Books/Magazines/Journals, Recovery of cost of lost books/ books not returned and Issuance of No Dues Certificate
- v. Physical Verification of Books/Writing off missing publications/Weeding out of unwanted and outdated books.

#### ***Salary, Wage arrears, Pension and Retirement benefits (Once in 05 year)***

- i. *Work relating to fixation of salary, calculation and payment.*
- ii. *Work relating payment of wage arrears to present and retired staff.*
- iii. *Work relating payment of Gratuity, leave encashment etc.*
- iv. *All other payments to retired staff including fixation of pension.*

## **Finance Department (FD) & Accounts Department(AD)**

### **Tax**

Filing of Tax returns in time.

### **NABARD General Account**

- i. Follow up of NABARD General Account - Status of outstanding position and amount - Age wise classification/ status of entries

### **Budget – Revenue and Capital Expenditure**

- i. Whether budget has been prepared covering category-wise expected levels of administrative expenses, based on information from respective departments / sources?
- ii. Whether the assumptions in respect of budget are documented in all detail?
- iii. Whether actual expenditure vis-à-vis provisions as per the budget are reviewed and monitored at prescribed intervals?
- iv. Violation of budget norms, if any, and corrective action taken thereon.
- v. Whether quarterly review of budget vis-à-vis expenditure is prepared?

### **Maintenance / Closing of Account**

- i. Checking of Vouchers - 100 percent checking of all Vouchers.
- ii. Verification of Balance Confirmation Statements.
- iii. Checking of NPA classification and calculation of NPA provisioning (Quarterly).
- iv. Checking of all returns sent to different agencies.

### **ALCO Statements**

- i. *Whether ALCO/ ALM meetings are held regularly by RMD as required and returns sent to RBI on time.*

### **Finance Department**

#### **(A) Audit of Capital Gains Bonds (CGBs)/ Rural Bond (RBs)/ Bhavishya Nirman Bonds (BNBs)**

- i. *Checking of maintenance of Records and Registers viz. Registrar Bills Register, Arrangers Bill Register, Redemption Register, Interest rate Register, etc. Visit to Registrar office regarding Issue of Bonds, Issue of Bonds Certificate as well as Demat form*
- ii. *Detailed checking of Rural Bonds (RBs)/ Bhavishya Nirman Bonds (BNBs) and other bonds, if any (in future)*
- iii. *Pre-audit of issue of bonds in physical as well as Demat form and matching the issue size with daily inflow of funds received by NABARD*
- iv. *Pre-Audit of Interest on application money for Rural Bonds and Bhavishya Nirman Bonds*

- v. *Pre-Audit of semiannual and annual interest payments, accrued interest in case of cumulative interest optees and Redemption payment of Pre-audit of Registrar/ Axis Bank/ Arrangers Bills*
- vi. *Reconciliation with monthly Trial Balance with respect of CGB, BNB and RB accounts*
- vii. *Audit of Bank Reconciliation of various banks accounts with Axis Bank and HDFC Bank*
- viii. *Pre-audit and checking of Annual Closing Statements*
- ix. *Checking of Tax Deduction at Source*

## **(B) Audit of Bonds and Borrowings**

### **(a) Institutional Borrowings:**

- i. *Scrutiny of TMBs / Tea, Rubber & Coffee Deposits and various other agencies.*
- ii. *Compliance with RBI / SEBI / Bombay Stock Exchange & National Stock Exchange guidelines / instructions. Maintenance of records and Registers, Issue of Bonds / CDs/CPs, etc.*
- iii. *Pre-audit of interest payments.*
- iv. *Pre-audit of redemption of Bonds, release of TDS amount to Income Tax Dept. and net interest to Bondholders.*
- v. *Payments to Depository Agents.*
- vi. *Checking of Annual Closing Statements in respect of Institutional Borrowings Section*
- vii. *Checking of Tax Deduction at Source*
- viii. *Checking of remittance transit A/c*
- ix. *Checking of monthly provisions for bonds, CP & CD in case of GoI borrowings.*

### **(b) Retail Borrowings**

- i. *Scrutiny of Bond applications/ TDs/ RIDF/ STCRC*
- ii. *Compliance with RBI / SEBI / Bombay Stock Exchange & National Stock Exchange guidelines / instructions.*
- iii. *Maintenance of records and Registers, Issue of Bonds*
- iv. *Scrutiny of Investor Grievances*
- v. *Pre-audit of interest payment of Bonds, RIDF, STCRC and Corporate loans and monthly provisions/ memorandum for the same*
- vi. *Pre-audit of redemption of Bonds, Repayments made to Commercial Banks in respect of RIDF, release of payment to Income Tax Dept. and net interest payment to Bondholders*
- vii. *Pre-audit of monthly interest provision, calculation (RIDF, STCRC, STRRB fund)*
- viii. *Payments to Depository Agents, Registrar, Arrangers and bankers, if any*
- ix. *Checking of Annual Closing Statements in respect of retail borrowings section*
- x. *Checking of Tax Deduction at Source*

**(c) Audit of transactions of Finance Department**

- i. *Checking of Vouchers - 100 percent checking of all cash and Journal Vouchers and ensuring proper accounting.*
- ii. *Verification of maintenance of books as per AES and Loaning Manual (Pertaining to FD) The Detailed Registers are maintained by Accounts Department, Premises and other departments. (specific)*
- iii. *Checking of voucher postings.*
- iv. *Checking of disbursement notes received from ROs for release of refinance to banks*
- v. *Checking of posting of loan ledger*
- vi. *Pre-audit of principal demand.*
- vii. *Pre-audit of calculation of interest.*
- viii. *Reconciliation of loan ledger balances with general ledger , Inter Office Account*
- ix. *Inter office Account - passing of vouchers*
- x. *Checking of reconciliation of loan ledger with due date registers.*
- xi. *Verification of Bank Reconciliation Statements / Trial Balance*
- xii. *Checking of quarterly provisions including interest payable on borrowings*
- xiii. *Checking of calculation of penal interest on defaults*
- xiv. *Calculation of interest payable on borrowings on a quarterly basis and provisioning thereof*
- xv. *Checking Balance confirmation certificates*
- xvi. *Submission of compliance of Statutory Auditors observations related to FD*
- xvii. *Submission of compliance to RBI's Inspection observations related to FD*

**(d) Audit of Treasury Operations**

- i. *Submission of monthly reconciliation of Govt.securities, passing of vouchers related to valuation loss*
- ii. *Shifting of securities between categories, etc., (viz. To and from HTM, AFS to HFT, HFT to AFS)*
- iii. *Audit of investment as per the investment policy*
- iv. *Auditing of transactions of Disbursement Section related to FD*
- v. *All items of work attended by Front Office related to FD*
- vi. *Verification of calculation of interest on investments made and accounting thereof – Treasury*
- vii. *All derivative transactions, compliance with internal processes on institutional borrowings and payment of guarantee fees should be covered*
- viii. *Coverage of investment transactions for compliance as per investment policy, approved processes and accounting norms*
- ix. *Monthly reconciliation of balances under G-securities*
- x. *Errors in preparation of deal slips*
- xi. *Non-authentication of the deal slips by the Back Office*
- xii. *Delay in obtaining counter party information*

- xiii. *Weekly report on the Front Office and Back Office transactions should be submitted for being placed before the Investment Committee*
- xiv. *Verification of NABARD's investments at periodical interval*
- xv. *Risk monitoring – portfolio, quantitative limits as per Investment policy, etc*
- xvi. *Checking of monthly income and yield statement*
- xvii. *Price scan – Instrument wise*

### **Procedure for checking of Treasury Operations**

#### **(1) Dealing Room**

- i. *To check whether limit has been fixed for the dealers*
- ii. *Compliance with various dealing limits*
- iii. *To verify whether any dealer has exceeded the limit during the day. If increased, whether authorization/ approval of appropriate officials was taken on the deal ticket*
- iv. *To check regular rotation of duties for the dealers are in place (One year)*
- v. *To check whether any Dealing Room staff held any payment authority*
- vi. *Verify functional segregation of duties between Front Office and Back Office Officials*
- vii. *To check whether Investment Committee meetings are held regularly & proceedings of the same are placed before the MD and Chairman for their information every week*
- viii. *To check whether Investment Reviews are put up to appropriate authority at regular intervals*
- ix. *To check whether deals are done in line with the Investment Management Frame work*
- x. *Monitor counter party exposure*

#### **(2) Front Office**

- i. *Check whether Deal Slips are serially numbered, time noted, stamped and contains all the correct details of the deal done*
- ii. *Check Issue of Deal Tickets are controlled and registered*
- iii. *Check Deal Slips are promptly transmitted/ passed on to Back Office for their action after deal is struck (No inordinate delay)*
- iv. *If deals done and confirmed from telephones – Is fitted with Voice Recorder? If so whether recorded tapes are preserved in accordance with RBI guidelines. (Normally 2 months)*
- v. *To ascertain dealing time – and to check whether any deals are done outside dealing hours (weekdays 09.00 to 17.30 and Saturdays 09.00 to 14.30)*
- vi. *To verify any substitution of Counter party has taken place after the deal is struck*
- vii. *Verify deals are done with approved panel of brokers*
- viii. *Verify Ready Forward Transactions are done only through eligible counter parties approved by RBI*

- ix. *In the case of Reverse Repo securities bought under Reverse Repo are sold during the period of the contract*
- x. *RBI guidelines on investment issued to Banks/ FIs and adopted by the corporation is followed*
- xi. *Check for any deviation from standard Dealing practices issued by FIMMDA*
- xii. *Check for any deviation from the procedures laid down in the Treasury Manual/ Management guidelines*

### **(3) Back Office**

- i. *Check Back Office input data is verified with Deal Slips and the confirmation received*
- ii. *Check whether payment and settlement are made/ received as per the settlement date and as per the instructions recorded in the Deal Slips*
- iii. *Verify is there any missing deal slip – cancelled deal slips are properly accounted for- and also for instances of duplication*
- iv. *Whether all transactions are accounted for position and the same are reflected in the reports*
- v. *Verify for the correctness of the Day end Position generated by the Dealing Room and Back Office and the same is duly signed*
- vi. *Check any deal is expired for want of timely approval/ settlement by the Back Office*
- vii. *Verify Deal Confirmations are sent immediately after the deals are struck and Deal confirmations are received in time from the counter parties (should not be more than 5 days)*
- viii. *Any discrepancy noticed between Deal Confirmation and Deal Slip was promptly reconciled*
- ix. *Check for any errors in settlement, if so, properly corrected in time*
- x. *Check the Stop Loss statement generated and check for any deviations from the approved stop loss limits*
- xi. *Vouchers are passed promptly and sent to Accounts Department*
- xii. *Check for any bouncing of SGL forms, if so, proper reporting and suitable action is initiated*
- xiii. *Check whether day end holding position in security is reconciled with the NDS/ CCIL reports*
- xiv. *Verify proper monitoring is done for receiving the redemption proceeds of G-Sec. Treasury Bills and no delay is encountered*
- xv. *Any reconciliation is done by back office in respect of security and funds settled at the end of the day or before the start of the next day*
- xvi. *Verify whether valuation of securities mark to market were done at appropriate benchmark rate and at prescribed intervals*
- xvii. *Ready Forward Transactions, if any, are accounted as per Uniform Accounting Procedure prescribed by RBI*
- xviii. *Verify whether monthly statements of holding in respect of G-Sec. & Treasury Bills received from PDO are reconciled*
- xix. *Ensure no Deal Confirmation is sent/ received by the Dealing Room directly*

- xx. *Whether Back Office is maintaining specimen signatures of authorized persons for deal confirmation*
- xxi. *Any deviations observed from the prescribed procedure mentioned in the Treasury Manual*
- xxii. *Trading in equity shares, if any, may be examined*
- xxiii. *Basic monitoring – portfolio, quantitative limits as per Investment policy, etc*
- xxiv. *Checking of monthly income and yield statement*
- xxv. *Price scan – Instrument wise*

## **REPO**

### **Check**

- i. *Deal ticket generated*
- ii. *Statement showing securities offered against deal*
- iii. *Instruction received from dealing room*
- iv. *Approval note, if any*

## **GOVERNMENT SECURITIES PURCHASED/ SOLD**

### **Check**

- i. *Deal struck in NDS and Deal ticket generated*
- ii. *Deal is done directly or through broker*

### **Purchase**

- i. *Deal ticket generated*
- ii. *NDS statement, if any*
- iii. *Approval/ authorization*
- iv. *If not through NDS :- Deal confirmation*

### **Sold**

- i. *Deal ticket generated*
- ii. *NDS statement*
- iii. *Statement of gain/ loss*
- iv. *Approval/ Authorisation*

### **Treasury Bills**

- i. *Deal ticket generated*
- ii. *Form III issued by RBI in respect of SGL*
- iii. *Deal confirmation (both parties)*
- iv. *Approval/ Authorisation*
- v. *Statement of profit and loss*

### **Register/ Online records (if any) maintained – Front Office/ Back Office**

- i. *Security Deal control register*
- ii. *SGL Transfer from issued and received register*
- iii. *Security movement register*

## ***Institutional Development Department***

### ***A. DCRR***

#### ***1. Whether –***

- i. Accounting procedure have been laid down and being adhered to*
  - ii. Books of accounts are maintained in the light of Revival package i.e. Receipt of funds, sanction and release of funds through ROs, State Government etc*
  - iii. Sanction has been made as per the guidelines of Revival Package/ decision taken by National Implementation and Monitoring Committee*
  - iv. Sanction of Government of India share of Revival Package was accorded after completing all required formalities*
  - v. The Fund has been released through proper Head of Account*
  - vi. Sanction of GoI share/ expenditure on training etc. whether accorded as per delegated powers*
  - vii. Data/ information are being called for in respect of the advances given by ROs*
  - viii. Proper provisioning was made against the advances and timely reversal thereof was ensured*
  - ix. Monthly balancing was done for the amount released by DCRR*
  - x. Monthly confirmation of balances with FD was ensured*
  - xi. Utilisation Certificate was being sent to GoI on quarterly basis*
  - xii. Books of account are being separately maintained for funds routed through HRDD, HO, NABARD to Training Institutes*
  - xiii. Any information/ data was called by DCRR in case of training fund released by the ROs and adequacy of procedure of reconciliation*
  - xiv. Guidelines have been framed and being followed in case of amount released towards technology support*
  - xv. Amount released are in conformity with the guidelines issued*
  - xvi. Adequacy of utilization of Fund and mechanism through which Fund was utilized*
- 2. System adopted by DCRR, HO for ensuring timely adjustment of advances given for training, etc.*

#### ***3. Checking the scrutiny/ settlement of bills submitted by Training Establishment***

### ***B. Co-operative Development Fund (CDF)***

#### ***Whether -***

- i. Accounting procedure have been laid down and being adhered to*
- ii. Sanction has been made as per the guidelines of Cooperative Development Fund*
- iii. The Fund has been released through proper Head of Account*
- iv. Sanction of expenditure was accorded as per delegated powers*
- v. Amount released are in conformity with the guidelines issued*



*C. Compliance of -*

- i. Observations of Concurrent Audit/ Statutory Audit*
- ii. RBI Inspection/ Inspection by ID, HO, NABARD*
- iii. Central Government/ Comptroller and Auditor General of India, external agencies (World Bank, KfW, etc) if any*

***(C) All transactions s relating to treasury operations in the bank on day to day basis.***

**Department of Information Technology**

**I. Information System Audit of HO Departments**

**iii. Anti-Virus**

- Whether McAfee software has been updated and date of update
- Version of the McAfee Software

**iv. Domain Implementation**

- Whether computer is on nabard domain.org

**iv .Unlicensed software**

- Whether any unlicensed software/ games are loaded on the computers

**v. Disaster Recovery/ Backups**

- Whether backup of critical data is being taken by users.
- Whether off-site backup is being maintained.
- Whether record of maintaining backup is kept by department.

**vi.IS Audit of DIT**

For IS Audit of DIT, the Standardized Check list given by RBI vide their letter No. DBS. FID.No.C-11/ 01.02.00 / 2002-03 dated 31 December 2002 addressed to the CEOs of all India Term Lending & Refinance Institutions and further instruction issued by RBI from time to time, shall be used.

**CLMAS**

- i. Checking of Daily Bank balances between Insta and CLMAS
- ii. Checking on Quarterly basis of all Due Date Diaries between Legacy and CLMAS
- iii. Checking of all Principal and Interest Demand letters before issue, between Legacy and CLMAS

## iv. Test check of voucher dates alignment between Insta and CLMAS

**DoR – Co-financing Cell**

It is required to be examined so as to ensure:

- i. Whether necessary monitoring visits conducted. Compliance to observations to seen.
- ii. Whether copies of security documents are in the possession of the RO.
- iii. Whether valuation has been done before completion of 3 years from the last valuation and a copy of the current valuation is forwarded to RO.
- iv. Whether insurance policy has been renewed and copies of insurance documents kept on record. Whether NABARD's name is incorporated in the insurance document.
- v. Whether registration of charges done in favour of NABARD and the date of last search with ROC.
- vi. Whether expenditure details and supporting documents (certificate from CA) till last release, balance sheet for the last half year, half-yearly statement of book debts are submitted by the promoter.
- vii. Whether financing branch was visited by RO official and the transaction details pertaining to the project examined. (C/A and C/C statements pertaining to the account may be obtained and kept on record).
- viii. Whether stock statement and working capital assessment reports are obtained at periodic intervals.
- ix. Whether rating of the promoter and the project revisited at least once in a year and it is as per prescribed methodology.
- x. Whether due date diary is maintained and demand notice for principal due and interest due are raised sufficiently in advance.
- xi. Whether the repayment schedule fixed by Bank and NABARD due dates for principal and interest are same / same dates.
- xii. Whether joint lenders meetings are held periodically? If so, at what intervals?
- xiii. Whether bank has communicated revision in the interest rate.
- xiv. Whether PERT charts for monitoring of projects prepared.
- xv. In case proceedings commenced under DRT / SARFAESI Act, whether bank has consulted NABARD / prior approval taken.
- xvi. Whether the documents have been renewed within time limit? When the documents are likely to become time barred.
- xvii. Whether borrower has submitted latest Annual Report / Statement of Account. If not, whether RO has obtained the same through ROC.
- xviii. Whether processing fees have been collected from the borrower.
- xix. Ensure that co-financing associates were CBs, RRBs, SCBs or other institutions in consortium arrangement with a scheduled bank.
- xx. Share of NABARD in an individual project restricted to 60% of total term loan including working capital (term loan 50% maximum).
- xxi. Prescribed exposure norms were followed.
- xxii. Prescribed documentation done prior to release of loan.

- xxiii. Securities taken as per RBI guidelines & pari-pasu charges created in favour of NABARD prior to release of loan.
- xxiv. Joint appraisal of projects done with participating banks / consortium partners.
- xxv. An adequate system for monitoring the sanctioned projects was in place.
- xxvi. Timely reschedulement in deserving cases under advice to HO.
- xxvii. Conduct of diagnostic study to ascertain the reasons for accounts turning bad.
- xxviii. Sanction and releases are made as per the delegated powers / procedure of sanction.
- xxix. Amount / s released are in conformity with the guidelines issued.
- xxx. Monthly reconciliation statements for all the schemes are prepared.
- xxxi. Monthly confirmation of balances with Accounts Departments are ensured for all the accounts.
- xxxii. Whether OTS proposals properly sanctioned and put up.
- xxxiii. Whether annual review of all the Co-finance accounts have been carried out by the RO at the end of the Financial Year in the prescribed format?
- xxxiv. Whether CIBIL reports for the Co-finance project and/ or guarantors have been generated, observations have been incorporated in the annual review of co-finance account and concerned Co-finance bank has been informed for updating the details not available in CBIL report.
- xxxv. Whether target for recovery during financial year given to Regional Office by HO under Co-finance has been achieved.

### **DoR - Govt. Sponsored Programmes**

#### 1. Whether -

- i. Pre Audit of all online subsidy claims under GSS including NLM & DEDS
- ii. Claims forwarded to HO after scrutiny are in time
- iii. Pending list of claims received from beneficiaries are prepared for all the schemes on monthly basis in proper manner.
- iv. accounting procedure has been laid down and being adhered to
- v. Books of accounts are maintained - Receipt of confirmation from HO sanction and release of funds to Banks by ROs.
- vi. the Fund has been released through proper Head of Account
- vii. sanction and releases are made as per the delegated powers / procedure of sanction
- viii. amount/s released are in conformity with the guidelines issued
- ix. data / information are being received in respect of the subsidy released by ROs
- x. monthly balancing was done for the amount released to ROs
- xi. monthly reconciliation statements for all the schemes are prepared
- xii. monthly confirmation of balances with AD was ensured for all the accounts
- xiii. utilization certificate was being sent to GoI in time
- xiv. any rejection of claim has been made and the same is in order

2. Checking the calculation of service charges to be paid by Government of India/ Other agencies for implementation of Govt. Sponsored Schemes and booking of the same to the appropriate head of account

3. Compliance to –

- a) Observations of Concurrent Audit/ Statutory Audit
- b) RBI Inspection/ Inspection by ID, HO, NABARD Central Government/ Comptroller and Auditor General of India

## **Department of BID**

### **Release of loan/ limit sanctioned**

- i. Whether the drawal application is in the format prescribed with all the annexures duly filled in giving relevant details.
- ii. Whether the scrutiny of drawal application is as per of the Terms and conditions of sanction and preparation of Release Note is in order.
- iii. Whether the sanction of release is as per the delegation and is by the competent authority.
- iv. Whether the repayment schedule drawn out, is as per the sanctioned terms and the due dates are in order.
- v. Whether the bank details of the beneficiary are correct based on the request of the client/beneficiary.

### **Release of expenditure incurred for workshops/ seminars sponsored by BID**

- i. Whether the expenditure incurred is within the limit approved for the programme and if it exceeds, whether revised sanction has been approved by the competent authority.
- ii. Whether the bills/invoices supporting the expenditure are in order.
- iii. Whether the release note is in order
- iv. Whether the expenditure, approved by the competent authority, is as per the expenditure rules of NABARD
- v. Whether the bank details of the beneficiary is correct and is as per the request of the client
- vi. All sanctions related to NIDA/CFF/High Risk Projects are being done at HO. However, the sanction letter will be issued by the respective RO, the documentation is done at RO and disbursement and monitoring is also carried out by RO.
- vii. Pre audit in prescribed format in case of disbursement of 1<sup>st</sup> instalment

## **NIDA**

All sanctions related to NIDA/ CFF/ High Risk Projects are being done at HO. However, the sanction letter will be issued by the respective RO, the documentation is done at RO and disbursement and monitoring is also carried out by RO

**Department of Subsidiaries and Strategic Investment (DSSI)**

Pre-audit of all payments above Rs.100,000.00 as per present norms and post-audits of all financial transactions of the Deptt.

**Department of Storage and Marketing (DSM)**

Pre-audit of all payments above Rs.100,000.00 as per present norms and post-audits of all financial transactions of the Deptt.

**Department of Farm Sector Development Department (FSDD)**

Pre-audit of all payments above Rs.1,00,000.00 as per present norms and post audits of all financial transactions of the Deptt.

**Department of OFDD (Off-Farm Development Department)**

Pre-audit of all payments above Rs.1,00,000.00 as per present norms and post audits of all financial transactions of the Deptt.

**Department of MCID (Micro Credit Innovations Department)**

Pre-audit of all payments above Rs.1,00,000.00 as per present norms and post audits of all financial transactions of the Deptt.

**Other**

In addition to the details mentioned in Annexure III pre-audit of all payments above Rs.1,00,000.00 as per present norms is required to be done.

**General:**

- i. Compliance to all terms and conditions of sanction before settlement of claim/drawal.
- ii. All transactions to be pre or post audited or both as per guidelines.
- iii. Maintain audit observation registers and submission to ID
- iv. Submission of prescribed returns to HO

**Note:** This list is illustrative and not exhaustive. Based in changes in roles and responsibilities entrusted to NABARD a few items of works may undergo a change.

