

SUMMER INTERNSHIP PROJECT

**“ A STUDY ON CONCURRENT AUDITING PRACTICES OF
THE CENTRAL BANK OF INDIA’S REGIONAL OFFICES”**

Submitted to:
DMSR

**G.S. College of Commerce & Economics, Nagpur,
(An Autonomous Institution)**

Affiliated To:
Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

Submitted by:

Miss: Prachee Vishnu Kubade

Company Guide:

CA. Mahesh Rathi

Faculty Guide:

Dr. Archana Dadhe

Department of Management Science and Research,

G.S. College of Commerce & Economic, Nagpur

NAAC Accredited “A” Grade Institution





CERTIFICATE

This is to certify that the investigation described in this report titled “**TO STUDY OF CONCURRENT AUDIT**” has been carried out by Ms. **Prachee Kubade** during the summer internship project. The study was done in the organization of “**Mr. Mahesh Rathi & Com.**”, in partial fulfillment of the requirement for the degree of **Master of Business Administration G.S. College of Commerce and Economics (An Autonomous institute)** affiliated to **R.T.M. Nagpur University, Nagpur**. This work is the own work of the candidate, complete in all respects and is of sufficiently high standard to warrant its submission to the said degree. The assistance and resources used for this work are duly acknowledged.

Dr. Archana Dadhe
(Faculty Guide)

Dr. Sonali Gadekar
(MBA Co-ordinator)

CERTIFICATE



M/S MAHESH RATHI & CO.
CHARTERED ACCOUNTANTS
101,102,105,111A LOKMAT BHAWAN
WARDHA ROAD, NAGPUR-440012.

EXPERIENCE CERTIFICATE

This is to state that **Prachee Vishnu Kubade (Aadhar -685312305241)** has worked in our firm **as an Intern** from 15.09.2022 to 31.10.2022. This Certificate is being issued on her personal request for academic & college purposes.

During the tenor of her Internship, she was sincere and disciplined. We wish her good luck for her future endeavor.

Date: 01.11.2022
Place: Nagpur

FOR M/S MAHESH RATHI & CO.
CHARTERED ACCOUNTANTS



A handwritten signature in black ink, appearing to be 'Mahesh Rathi'.

(CA. Mahesh Rathi)
Partner

TEL NO: (0712)2437395, EMAIL ID: maheshrathi.co@gmail.com

*9+63.

ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project in

“**M/S. Mahesh Rathi & Com.**” and I am sincerely thankful to them for providing this opportunity to me. I am thankful to “**Mr. Mahesh Rathi**” for guiding me through this project and continuously encouraging me. It would not have been possible to complete this project without his support. I am also thankful to all the faculty members of **Department Management Sciences and Research, G.S. College of Commerce and Economics, Nagpur** and particularly my mentor

“**Dr. Archana Dadhe**” for helping me during the project. I am thankful to the Principle of G.S. College of Commerce and Economics, Nagpur. “**Dr. Swati Kathaley**” and to the Dean of DMSR “**Mr. Anand Kale**”.

Finally, I am grateful to my family and friends for their unending support.

Prachee Kubade

INDEX

Sr. No.	Particular	Page No.
1	Introduction	6
2	Company profile	16
3	Terminologies	18
4	Objectives of SIP	20
5	Scopes of SIP	21
6	Needs of SIP	23
7	Contribution during SIP	24
8	Limitations	27
9	Research and Methodology	28
10	Interpretation of Data and Facts	30
11	Findings	31
12	Suggestion	32
13	Conclusion	33
14	Bibliography	34

INTRODUCTION

AUDIT

Audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statement provided by the organization statement.

Audit can be done internally by employees or head of a particular department and externally by an outside firm or an independent auditor. The idea is to check and verify the account by an independent authority to ensure that all books of account are done in a fair manner and there is no misrepresentation or fraud that is being conducted. All the public listed firms have to get their accounts audited by an independent auditor before they declare their results for any quarter. In India, chartered accountants from ICIA or The Institute of Chartered Accountant of India can do independent audits of any organization.

Evolution of Concurrent Audit in India

Concurrent audit was in existence in large and exceptionally large bank branches, it was formally introduced by the Reserve Bank of India vide its circular of October 1993. This measure of the Reserve Bank of India (RBI) arose out of the recommendations of the Ghosh Committee on frauds and Malpractices in Banks. In its said circular, the banking regulator explained concurrent audit as being “an examination which is contemporaneous with the occurrence of transactions or is carried out as near there to as possible. It attempts to shorten the interval between a transaction and its examination by an independent.

CENTRAL BANK OF INDIA (REGIONAL OFFICE)

For auditing in central bank of India, auditing is done by CA firm (article & intern) and Ex staff of the bank.

There are 8 branches are allotted for auditing:

Sr.no	Branch Name	Code
1	Pauni	0688
2	Paunar	2165
3	MIDC Wardha	2189
4	Mohagaon	2679
5	Mauda	3909
6	Sakoli	4239
7	Rani Durgawati	4426
8	Onkar Nagar	4619

CONCURRENT AUDIT

Concurrent audit is a systematic and timely examination of financial transactions on a regular basis to ensure accuracy, authenticity, compliance with procedures and guidelines. The emphasis under concurrent audit is not on test checking but on substantial checking of transactions. It is an ongoing appraisal of the financial health of an entity to determine whether the financial management arrangements (including internal control mechanisms) are effectively working and identify areas of improvement to enhance efficiency.

A concurrent audit means including the inspection of the current transaction or the current transaction. It's conducted every month, and it is an ongoing audit. Banks can record many transactions that occur every day that requires a record to be maintained. That's why banks get involved in concurrent audits. This helps banks avoid inconsistencies, the burden of work and overlapping the transactions and can be very beneficial as the year draws to a close.

It is an constant evaluation of the banking transactions to determine whether the internal control mechanisms are effectively working and simultaneously identify areas of improvement to enhance efficiency. Concurrent audit system is regarded as part of a bank's early warning system to ensure timely detection of irregularities and lapses, which also helps in preventing fraudulent transactions at branch.

RBI has in the past, been prescribing guidelines for scope, coverage of business/branches minimum items of coverage, etc. for concurrent auditors of banks. However, with the differing levels of centralization in banks, diverse nature of activities undertaken by various banks and commencement of operations by small finance banks and payments banks, a common programme of work for concurrent audit applicable to all banks may not be desirable. Further, the Expert Committee appointed by the Bank has made certain recommendations in the area of Concurrent Audit.

Concurrent Auditors shall submit findings every week to auditee branch, findings every month to respective controller within 7 days of close of the month. The quarterly reports shall be submitted, within 15 days of the close of the quarter on prescribed formats. The bank reserves the right to change the reporting format, at any time. Selected firms for assignment of concurrent audit shall be informed by e-mail only. No separate shall be issued for this purpose.

Most of the new articles who have been assigned to do the concurrent audit become terrified when they have to go to bank alone, questions like what is this. How to do this? New and horrible banking software? Etc. arises. It is normal to be nervous at the first time but later on everything starts running smoothly. In my case such things had happened even I was out of station alone. So instead of getting lost what to do, we just can learn the things from there. If we do the concurrent audit of banks very precisely then we can learn a lot of banking core knowledge, new banking software, RBI norms and many more. So for the aid of new articles doing concurrent audit I am going to write this article so that they can make intellectual profit from this.

❖ To conduct the concurrent audit of banks we should generally look forward following things:

1. Cash balance:

Every morning we shall have to check the cash balance of Cash Book of Bank in which all details regarding cashbalances are written on daily basis and manager and cashier do the authorization. Once in the month we have to do physical verification of cash in hand with bank and ATM (if any) surprisingly and if any discrepancy found shall be reported in the report.

1. KYC Policy:

This is the most sensitive and crucial part of the concurrent audit. KYC stands

for “Know Your Customer”, a term used for customer identification process. It involves making reasonable efforts to determine true identity of the beneficiary of account, source of Fund, nature of customer’s business etc , which in turn helps bank to manage their risk prudently. The major things we observe in KYC checking are identity proof and address proof. We should be sure that whether AOF (Account Opening Form) is properly filled or not. The introducer who introduces the new customer to the bank should have maintained his/her account for at least 6 months without falling under inoperative account. In AOF there is clearly mentioned the required documents in order to open the account in bank. Recently RBI has fined some of the nationalized banks and other big banks for non-adherence of KYC norms and hence as a concurrent auditor we should ensure the KYC adherence of the customers and any irregularities should be reported duly in the report. We should also discuss the major irregularities with branch officials and look forward for the solution.

3 Loan and Advances Checking:

The most sensitive part of banking operations Loans and Advances and their compliances. To check newly sanctioned loans and advances we’ve to ask the Loan Manager of Bank for Document Register and they’ll provide us that. Document register is nothing just a register maintained by bank for their advances, in which they usually write name of the party, details of sanction made, papers submitted by party to bank etc. and is verified by both credit manager and Manager of the Branch. Following are the crucial points to verify any advances:

- Fulfillment of KYC norms and proper filing of AOF.
- Whether CIBIL (Central Information Bureau of India Ltd.) report is good or not. Higher points in CIBIL report show the higher credibility of that party
- If the loan is personal loan then purpose of loan should be mentioned, for vehicle loan RC. i.e. Joint registration with transport department is required within one month from the date of purchase of vehicle further the copy of original invoice also required.
- Details of primary and collateral security mortgaged with bank. Creation of charge with ROC
- The form should be signed by at least one guarantor.
- For CC (Cash Credit) account party shall have to submit stock statement within 7 days from the end of respective month. And we should have to check the DP (Drawing Power) calculation.
- We've to check the account statement of the party and see the transaction there if any doubt arise then that should be cleared

4 Deposite :

Generally we have to look through some high balance account and the trail of transaction. If there is any non- operative account then we've to make effort to make them operative. We have to see whether interest code and rates are correctly fed in to the system, any change in interest rates are effectively fed into the system or not etc.

5 Forex:

If your auditing branch is authorized to do foreign exchange transactions then you are lucky that you got to know about forex. In forex, we look through the exchange rate change and their correct valuation in books. Available foreign exchange with bank, profit and loss in foreign exchange. There are some RBI guidelines regarding foreign exchange and we have to see the adherence of same.

6 Income Leakage:

This is the most important and sensitive part of concurrent audit. In most of the banks there are some income leakage and we have to find out that. Generally income leakage arises due to following reasons and we have to look that:

- Undercharge of processing fee, upfront fee and other charges by the bank during disbursement of loans.
- Wrong feeding of interest rates in the system.
- Wrong calculation of profit in forex transaction etc.

7 Housekeeping and Computer:

As a concurrent auditor we have to check overall housekeeping maintenance of the branch. Whether the branch is located in safe area or not, what safety vaults are adopted by the bank, safety of lockers, computer, its software and its security etc.

8 Remittance:

It is also an important job of bank to provide remittance facility to their customer. We as an auditor should check the trail of remittance. If the remittance made in foreign country then adherence of Foreign Exchange Management Act, 1999, RBI guidelines etc are done or not.

9 Others:

There are other so many fields of banks. And as far as possible we have to cover all the areas, because there may be fraud prone areas. We have to see the clearing process of cheque, Bills for collection and other bills should be checked properly.

Minimum Areas of Coverage Under Concurrent Audits:

- Anina & other liability position of the branch as on last day of month.
- Reports on transactions from nominal to loan/other A/Cs / P&L.
- Reports on transactions from loan to NL/other A/CS.
- Report on credit to NPA/SMA accounts from nominal account / other related account.
- Report on interest variation in loan accounts.
- Report on manual tinkering of interest spread in any loan heads.
- Report on linking of CIFS/delinking of CIFS.
- Report on checking of exceptional transaction report.
- Report on housekeeping including reconciliation of accounts.
- Report on pending/ outstanding Inter Branch Remittance Entries Made Through c2c.
- Report on reconciliation of entries of ANINA & other liabilities.
- Report on change in the name of account holders.
- Report on change of mobile number in CIF.

- Report on activation of accounts opened by BC.
- Report on transactions in account of staff.
- Report on account becoming operative from inoperative.
- Report on transaction in accounts becoming operative from inoperative.
- Report on opening of new SB/CD accounts.
- Report on transactions of new SB/CD accounts.
- Current accounts used for internal branch purpose.

COMPANY PROFILE

Headquater:

MAHESH RATHI & COMPANY headquter is located at 101,102-A WING 1
101/102/111 A WING LOKMAT BHAWAN WARDHA ROAD, NAGPUR,440012, INDIA.

Mahesh Rathi & Co. is a pioneer Partnership Firm registered with Institute of Chartered Accountants of India. We provide services across multiple states, having registered offices in Maharashtra. Partnership are having experience of 5– 36 years, making a perfect blend of young, enthusiastic and experienced leaders. We are a team of 7partners and 13article consisting of experts in chartered accountancy who are trained & technically competent.

MISSION & VISSION OF MAHESH RATHI & CO. CHARTERED ACCOUNTANTS

MISSION:

We are committed to provide customized services to our clients. Our priority is to ensure that life satisfaction for each team member is maintained and our team distinguishes itself in keeping trust, managing relation, offering efficient services and innovative solution.

VISSION:

We aim to be established as one of the 50 most respectful firm in our category by providing premium services in terms of quality, trust and relationship, ensuring optimum work life balance of the term members.

TERMINOLOGIES

1. Audit - A formal examination of an organizations or individual's accounts of financial Situation.
2. Credit - An amount or sum placed at a person's disposal by a bank.
3. National Electronic Funds Transfer (NEFT) - National Electronic Funds Transfer (NEFT is a nation wide centralized payment system owned and operated by the Reserve Bank of India (RBI).
4. Real Time Gross Settlement (RTGS) - A system where there is continuous and real time settlement of fund-transfers, individually on a transaction by transaction basis (without netting).
5. Indian Financial System Code (IFSC) - This 11 character code helps identify the individual bank branches that participate in the various online money transfer options like NEFT and RTGS.
6. CIBIL Score - A cibil Score is a three-digit number that denotes the credit report.
7. Know your customer (KYC) - KYC or KYC check is the mandatory process of identifying and verifying the client's identity when opening an account and periodically over time.
8. Nomination - the act, process, or an instance of nominating.

9. Reconciliation – Reconciliation is the process of comparing transactions and activity to supporting documentation. Further reconciliation involves resolving any discrepancies that may have been discovered.

10 . Operative account – Operative account means the account maintained by the bank for the Account holder in connection with the easy loan transaction.

11. Inoperative account – A bank account that has had no money paid in or taken out for several years.

OBJECTIVE OF SIP

- To have an overall idea about the Audit procedure of Mahesh Rathi & Co. (Chartered Accountants).
- Firstly to study of the daily transaction of the bank.
- To study of the interest variation in loan accounts.
- To study of the housekeeping including reconciliation of accounts.
- To study of the transaction in accounts becoming operative from inoperative.
- To study of activation of accounts.
- To study of change in the name of account holders.
- To gain practical knowledge and experience on how the firm conduct an audit and how work is conducted in bank and companies.
- To familiarize with the working attributes in the banking sector and the factors affecting the working.

SCOPE OF SIP

I have been assigned in Mahesh Rathi & Co. (Chartered Accountants) that gave me tremendous scope to familiarize with the audit procedure of the organization.

- Concurrent Audit of bank of Maharashtra (Zonal Office) Dharampeth. Nagpur.
- Concurrent Audit Bank of India, Ranapratap, Branch Nagpur.
- Concurrent Audit of An Indian Bank, (Zonal Office), Civil lines, Nagpur.
- Concurrent Audit of Central Bank of India (Regional Office), Nagpur.
- Understanding function of banking and responsibilities carried out by various department.
- Getting knowledge regarding the rules and regulations that the financial institutions has to follow.
- Assist the bank, the take remedial measures to rectify the shortfall in the process if any.
- Gaining understanding of various documentation work required and carried out at the financial institute.

NEED OF SIP

- To gain the all over knowledge of concurrent audit.
- To know how to working with the bank and office environment.
- To tackle invoice and solve queries of audit.
- To handling the roles and responsibilities in the company.
- To have a potential and practical skill about accountancy.
- To study the types of accounts in concurrent audit.
- To study of handling the daily transaction of audit.
- To study the various aspect of concurrent audit.
- To put hard work with effective skills.

CONTRIBUTION DURING SIP

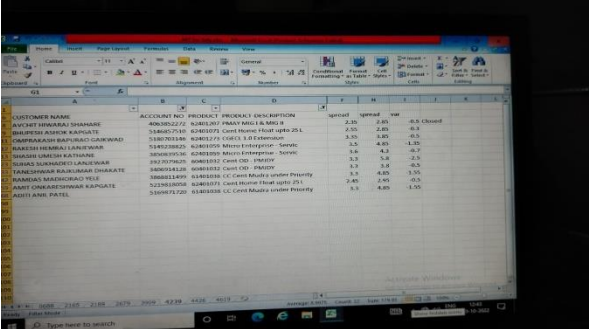
- While applying for the internship, I had to send my application from college to the Mr. Mahesh Rathi company, then I received an appointment letter asking me to complete internship at Mr. Mahesh Rathi company.
- On the first day, it was introductory day. I was given a task to read the concurrent audit report of bank and I was given some work to do the text to excel data entry of the second half of the day.
- Then he said me to the Central Bank of India (Regional Office) for Concurrent auditing.

- **1st and 2nd week –**

- Studies about concurrent audits & the software of the bank.
- Studies of daily transaction.
- Studies the process of the interest variation.

❖ 3rd and 4th week –

- Got to know about the activation & inactivation of the account and various others transaction carried out by the bank.
- Studies the manual tinkering of interest spread in cibil.
- To studies the interest variation in loan account.



CUSTOMER NAME	ACCOUNT NO.	PRODUCT	PRODUCT DESCRIPTION	spread	spread rate	rate
ANISH HIRSHIA SHANKAR	400002210	02801001	PRADYUMN BANKING	2.00	2.00	0.0 Closed
ANUPREEM ANAND KAPASATE	504007510	02801070	CCM Home Loan upto 20 L	2.50	2.50	0.0
CHANDRANATH RAJESHWAR GOVIND	210070100	02801070	CCM 2 Ls CCLL 1 Ld Extension	3.00	3.00	0.0
RAJESH HEMBAI LAKSHMAN	510020000	02801070	Multi Purpose - Secured	3.5	4.00	1.00
SUDASHI ANAND KISHOR	020005000	02801000	Multi Enterprise - Secured	3.0	3.0	0.0
SUNIL SUNANDA LAKSHMAN	002070000	00001000	CCM 100 100000	3.0	3.0	0.0
TANUJANNA RAJALAKSHI SHANKAR	000004000	00001000	CCM 100 100000	3.0	3.0	0.0
RAMONA MANOHAR VELS	000011000	01001000	CC Ccm Multi option Priority	3.5	4.00	0.50
ANIL CHANDRANATH KAPASATE	020007000	02801000	CC Ccm Multi option Priority	3.0	4.00	1.00
ANIL ANIL PATEL	020007000	02801000	CC Ccm Multi option Priority	3.0	4.00	1.00

❖ 5th and 6th week –

- Identified the KYC (know your customer) account.
- Identified and analysed different document required for different loan cases.
- Verification of account becoming operative from inoperative.

- **7th and 8th week –**

- Checking the mobile number of all the branches.
- Studied the internal audit reports and the reports suggesting the actions taken on the queries raised in the audit report.

All finding the queries of the transaction and statement of the bank then we writing in the concurrent audit reports. This report sends the zonal office and manager of the Central Bank of India.

LIMITATIONS OF SIP

- Duration of the internship was quite small.
- As an internship, I was not provided with the Login in Id and Password for the working of the bank software, I had to use the Id's of the respective allotted officers.
- At times the data available for study can be too large, which makes it a time consuming tasks.
- Due to digitization, sometimes it happens that the servicer in low and the transactions are put on hold.
- Documentation is the key, the record all the money transaction and they are also used for
- verification the transaction by the main branch, this makes it crucial they maintain and keep the vouchers free from errors.

RESEARCH METHODOLOGY

Data collection is the systematic approach to gathering and measuring information from variety of sources to get a complete and accurate picture of an area of interest .The present study has been made on the basis of both primary and secondary data. Throughout the internship period I worked in Audit Department and earned experience. By working as a member of this department, I had opportunity to learn and gather knowledge, to some extent I had access to see company's voucher, ledger, audit report and so forth. I communicated with the employees and gathered information.

In order to prepare assigned project paper, I have collected necessary information from two types of sources as follows:

- ❖ Primary Sources Information.

- ❖ Secondary Sources Information.

PRIMARY DATA:

Data used in research originally obtained through the direct efforts of researchers through surveys, interviews and direct observation.

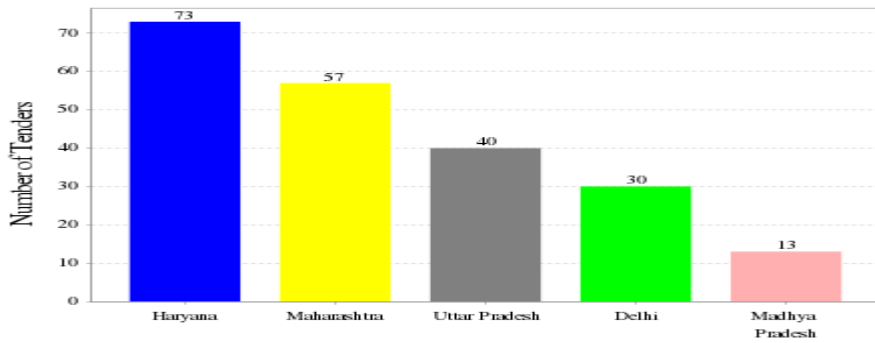
I have collected primary information by working with audit team. Discussing with senior, articles, employees and Sir.

SECONDARY DATA:

Secondary data refers to data that was collected by someone other than the user. It can be collected through references as website, journal, books, magazine etc. I have also collected secondary information like previous month concurrent audit report, accounting system and audited working papers. The information was obtained from various corresponding files of the bank.

Interpretation of Data and Facts

Concurrent Auditors Tenders - Top Ranked States



Top Ranked States

(c) 2022 GUGA IT Services (P) Ltd | Reuse is permitted when Tendersnipcr.com is cited as the source. Data as on 03 Feb 2023. Data source: Public advertisement



FINDING

Internship at Mahesh Rathi & Co. Chartered Accountants was my first experience.

I learnt lot of new things. I found that the control methods used by the banks are perfectly optimized and the day to day business operations are neatly undertaken by the concerned employees and departmental heads.

Following were the working attribute that I observed:

1. Proper documentation is carried for each and every banking product.
2. All the KYC norms are properly fulfilled by the bank.
3. Maintaining good relationship with the existing customer and Building a relationship with prospects is crucial at the organization.
4. The processing fees are less compared other banks as Central Bank Of India operates on co-operative principle.
5. Minting money is not objective and providing good quality services to the customers is a priority

I found that auditing is not an easy task. With auditing there comes a great sense of responsibility to the eligible Chartered Accountants. This is the department from where frauds can be caught and this department is a great source of opportunity for many to learn and get in depth experience about the banking system and its core functions.

SUGGESTIONS

- The firm is doing already well and the firm do not require any other suggestion.

- But if I want to suggest to the firm than I will suggest to the firm to get an own Office rather than
- rented so that every employee/article/intern/CAs can have good working environment.

- The company should also focus on the weaker section and come up with new plans so that they
- can accomplish their Mission and Vision.

- The policies and plans should be flexible in nature.

- One great thing which is experienced during my internship was the relationship that the staff has developed with the existing customers of the bank.

CONCLUSION

Mahesh Rathi & Co. (Chartered Accountants) internship program has offered me a great opportunity to develop the new skill and knowledge with lot of new responsibility.

It has propelled me to able to overcome challenges and develop my career.

I learnt extensively about Audits, the importance of audit, learn MS-Excel, got aware about many concepts such as software of audit, CIBIL, etc.

The Program has enhanced my knowledge and skills as well as improved my professional ability to work in a multilateral environment.

I developed good interpersonal relationship with the staff that I got the work with, the environment that I had during my internship was peaceful, friendly and positive

The partners of Mahesh Rathi & Co. have inspired me to serve rather than expect to be served by subordinates. I am very appreciative of this opportunity and forever grateful Mahesh Rathi & CO. (Chartered Accountants) for giving the opportunity to not work as an intern but also enabled me to enhance my abilities, to take responsibility and accomplish it.

This Internship has boosted my confidence to work with responsibility and accomplish every assignment efficiently

I learn the various thinks for this 45day internship period.

BIBLIOGRAPHY

https://www.justdial.com/Nagpur/Mahesh-Rathi-Co-Lokmat-Square/0712P7104-7104-110107105801-K5C2_BZDET

<https://rbi.org.in/>

<https://www.taxscan.in/article/all-you-need-to-know-about-concurrent-auidt-of-bank/>

