

BCC: BR: 112/267

Date: 08<sup>th</sup> May 2020

**CIRCULAR LETTER TO ALL BRANCHES/ OFFICES IN INDIA/ OVERSEAS BRANCHES**

Dear Sir,

**Re: Annual Closing of Accounts and Statutory Audit for the financial year ended 31<sup>st</sup> March 2020- Revised guidelines**

We refer to our earlier circular dated BCC:BR:112:155 dated 20.03.2020 giving the details of closing activities to be performed before and during the audit period to ensure smooth audit at all levels of the Bank.

The audit could not be commenced as per the timelines given in closing circular dated 20<sup>th</sup> March 2020, due to lockdown in the country restricting the physical movement in various states, both intra-state and inter-state movement, besides suspension of bus/ train/ air services. **Further as you are aware that due to Covid-19 pandemic, Reserve Bank of India has issued revised guidelines announcing regulatory package impacting the asset classification and provisioning norms of advances accounts for the year ended 31<sup>st</sup> March 2020. Apart from the regulatory package announced by RBI, it has also advised all the banks to ensure coverage of audit of 90% of funded exposure and 90% of non-funded exposure as at 31<sup>st</sup> March 2020. Hence there is a need to issue addendum to our earlier circular referred above dated 20.03.2020 on closing activities.**

We give hereunder the suggested audit approach for the guidance of branches/ Regions/ Zones:

**I. Audit Approach**

- In view of revised RBI guidelines, we have allotted the branches for all categories of auditors i.e. category I to IV and sent the list of auditors with branches allotted to zones. Zones are required to ensure that the appointment letters of these Branch auditors are issued immediately latest by 08<sup>th</sup> May 2020 and the acceptance letter of auditors with other requisite documents are obtained latest by morning of 11<sup>th</sup> May 2020.
- If any branch auditor declines to accept the audit, the Zones are requested to inform the Chief Financial Officer's office at Corporate Accounts and Tax department, Baroda Corporate Centre, Mumbai immediately (e-mail address [accounts.ho@bankofbaroda.com](mailto:accounts.ho@bankofbaroda.com)) immediately without any delay, so that those branches can be re allotted to some other auditors latest by 12<sup>th</sup> May 2020.
- Due to ongoing Corona pandemic, the authorities have classified various areas under four different zones, i.e. green, orange, red & containment zone, allowing different level of activities with restrictions depending on areas falling under these four zones. We may have some branches located in any of the above areas. The branches may look into these local regulations of authorities and in case the movement of audit teams is allowed as in green/ orange zone, the branches to request their Branch auditors to immediately visit the branches so as to complete the audit expeditiously.
- In case any branch is falling in red zone, Zonal authorities to evaluate the local conditions and in case they feel that the as per local regulations, there is no possibility of allowing the branch auditor to visit these branches, they may make arrangements of allowing the said branch auditor to audit that branch from any other branch located near the place of auditor's office/ from other branch allotted to the said auditor. Please also ensure that the branch to be audited makes necessary arrangement for providing the requisite information to the branch auditor in



such a way that there is no delay in conducting their audit. The necessary updates in the matter to be informed by Zonal authorities to the Chief Financial Officer's office at Corporate Accounts and Tax department, Baroda Corporate Centre, Mumbai immediately (e-mail address [accounts.ho@bankofbaroda.com](mailto:accounts.ho@bankofbaroda.com)).

- In case any branch is falling in containment zone, where branch is not allowed to open/ there is no way to audit that branch, the Zonal authorities to immediately inform the Chief Financial Officer's office at Corporate Accounts and Tax department, Baroda Corporate Centre, Mumbai immediately (e-mail address [accounts.ho@bankofbaroda.com](mailto:accounts.ho@bankofbaroda.com)), along with their recommendations containing the name of some other branches (not under audit) having almost similar aggregate level of advances as that of branch falling in containment zone/ recommended to be dropped from the audit list, which can be allotted to auditors so that those branches can be substituted with any other branch, latest by 11<sup>th</sup> May 2020 itself.

Further wherever there are some restrictions on movement of auditors, with a view to facilitate the prompt completion of audit, the branches may contact their auditors and make available the data etc. through electronic form so that the auditors can complete the audit to the maximum possible extent remotely from their office itself, so that the auditors can minimize the number of visits to the branch and complete the audit within the shortest possible time as major part of audit might have already been completed while doing remote audit and getting data through electronic mode. Thus in such a scenario they may finalize the audit with minimum number of visits to the branches. In case of any issues/ bottlenecks, the branch should immediately take the advice of their controlling office, keeping in mind that the branch audit is required to be completed latest by 22<sup>nd</sup> May, 2020.

**SBAs/ SCAs and the branches are requested to use only the official e-mails for sharing of documents and refrain from other means of communication so that the data privacy and confidentiality is maintained. The branches may use office e-mail ids of the Bank, while SBAs e-mail id as appearing in our communication to Zones and Zones appointment letter to SBAs with branches allotted, may be taken as official e mail id for communication and data sharing purpose.**

## **II. Revised guidelines based on latest RBI circulars dated 27.03.2020 and 17.04.2020:**

**The revised guidelines on Branch Audit requirements based on latest RBI guidelines are given below:**

CBS-IRAC/ IT department of our Bank (BOB, eVB & eDB) have already generated and have already sent returns No 15-20 and made it available to all branches through a link. As per RBI guidelines dated 27<sup>th</sup> March 2020 and 17<sup>th</sup> April 2020, the interest and instalments in the advances accounts have been deferred to all borrowers. The borrowers can choose to opt out of the benefit. In cases where the borrowers have not opted out, the interest on cash credit / overdraft is taken to a separate account and not debited to the borrowers account as at 31<sup>st</sup> March 2020. In case of Term Loan accounts the interest is debited to be borrowers account.

As the closing balance in advances return is inclusive of interest amount booked / applied in March 2020 for accounts granted relaxation as per Bank's circular no. BCC/BR/112/241 dated 22.04.2020, while the GL balance (Advances) as on 31.03.2020 is excluding such interest, the balance in advances closing returns and GL advance amount will differ.



To resolve the queries of SBAs and SCAs at branch and bank level respectively in the matter, CBS IRAC / IT department have generated the branch wise interest report for the month of March 2020 and the same would be made available for each Branch under audit. The report can be shown to the SBAs to satisfy for the difference between the two reports. The erstwhile Vijaya Bank/ erstwhile Dena Bank (eVB/eDB) would also be following the same procedure. In this report, the balance as at 31<sup>st</sup> March 2020 as per GL plus the interest booked but not applied in borrower account is shown separately and matched with Advances returns.

In respect of accounts upgraded post March 31<sup>st</sup> 2020, due to explanation in Bank's circular no. BCC/BR/112/241 dated 22.04.2020, based on RBI Circular dated 17<sup>th</sup> April 2020, CBS IRAC / IT department had already generated branch wise and account wise MOC report through link and the same is already provided to all branches/ Regions/ Zones. Branches/ controlling offices to immediately verify the accuracy of data so that they can provide adequate clarification to Branch Auditors as and when the audit starts and they ask for it. **The SBAs are advised to audit these MOCs as well.** Account wise entries would be passed centrally at BCC level for such MOCs generated for up-gradation of accounts as per RBI circular dated 17<sup>th</sup> April 2020 and Bank's circular dated 22.04.2020.

During the course of audit, if Auditors wants to pass any MOC in respect of accounts appearing in the MOC report send to branches through link, the branches may not be able to pass any MOC, for which they need to contact CBS-IRAC department of Bank of Baroda/ respective IT department of eDB & eVB so that they revise the said MOC and resend it to branches for getting it signed by Branch auditors.

Further if SBAs wants to pass any other MOCs based on their audit and as per our closing circular dated 20.03.2020, they can do so and it will be a separate MOC by the SBAs for which the procedure enumerated in the said closing circular has to be followed by the amalgamated entity.

### III. REVISED TIME SCHEDULE:

The branches should strictly observe the time schedule mentioned below and ignore **ANNEXURE-VIII** of closing circular issued earlier on 20<sup>th</sup> March 2020:

	Audit to be completed by
<b>1. BRANCH AUDIT *</b> (Including Auditors Reports & LFAR of the Branch) <b>*All the branches including Top 20 Branches, overseas branches and other branches audited by SCAs/ Statutory Branch Auditors</b>	22 <sup>nd</sup> May 2020
<b>2) AUDIT OF RO/ZO BY SCAS :</b>	
a) Completion of audit of RO/ZO	29 <sup>th</sup> May 2020
b) Finalisation of classification of all advances and provisioning requirement including discussions with Zonal authorities and finalisation of provisions on NPA on large problem credit accounts	31 <sup>st</sup> May 2020
c) Finalisation of MOC, Certificates, Tax Audit Report, Auditors Report & LFAR of the Zone.	31 <sup>st</sup> May 2020
D Submission of audited returns by zone to CA&T Dept., BCC	31 <sup>st</sup> May, 2020



**IV. ADDENDUM TO CERTIFICATE NO. 23 PERTAINING TO CREDIT MONITORING DEPARTMENT, BARODA CORPORATE CENTRE, MUMBAI:**

We refer to Certificate no. 23 as per closing circular no.BCC:BR:112/155 dated 20.03.2020 containing two components as under:

- Disclosure on RP's implemented as on 31.03.2020,
- Certificate on RFA- Position of RFA accounts during review period i.e. from 01.04.2019 to 31.03.2020.

**In the matter, we advise that branches are required to only fill in first part i.e. 'Disclosure on RP's implemented as on 31.03.2020' and get it audited, while second part i.e. Certificate on RFA- Position of RFA accounts during review period i.e. from 01.04.2019 to 31.03.2020' need not be filled by the branch as the same is to be got filled and audited centrally at BCC level in Credit Monitoring department. Branch to take note of the same and bring it to the attention of their branch auditors as well.**

**The revised Certificate no. 23 to be got audited is enclosed herewith.**

We again request all the branches / Regions / Zones to keep important Circulars on closing properly secured and easily retrievable, to implement all Closing guidelines and procedures, and to clarify doubts relating thereto, as and when required. Branches are further advised that contents of this circular be brought to the knowledge of each staff member so as to get desired work done from him/her during audit. The Branch Managers are requested to pay personal attention to the annual closing work supported by his/her full team.

We request you to please strictly adhere to time schedule as stipulated above and report the data in prescribed formats only, to save time and cost at every level. Adherence of time schedule will only enable us to publish results within the SEBI/RBI time frame.

**Please obtain signature of branch auditors in all returns / certificates as mentioned in our closing circular BCC:BR:112:155 dated 20.03.2020 as under:**

**Our E-mail ID is: [accounts.ho@bankofbaroda.com](mailto:accounts.ho@bankofbaroda.com)**

We also give hereunder the e mail address of e-Dena Bank and e-Vijaya Bank, Corporate accounts office for the convenience of various branches/ offices for any assistance required in respect of closing activities for any of the branches of e-Dena Bank and e-Vijaya Bank:

**e-Vijaya Bank:** [cad@vijayabank.co.in](mailto:cad@vijayabank.co.in), [KULKARNI.BHANUDAS@bankofbaroda.com](mailto:KULKARNI.BHANUDAS@bankofbaroda.com), [ABHISHEK.KHEMKA@bankofbaroda.com](mailto:ABHISHEK.KHEMKA@bankofbaroda.com)

**e-Dena Bank:** [hoaccounts.edb@bankofbaroda.co.in](mailto:hoaccounts.edb@bankofbaroda.co.in), [PANKAJ.MITTAL@bankofbaroda.com](mailto:PANKAJ.MITTAL@bankofbaroda.com), [PRANOTI.NENE@bankofbaroda.com](mailto:PRANOTI.NENE@bankofbaroda.com)

Please take a careful note of above for necessary guidance/compliance. Corporate Accounts and Taxation Department, BCC, Mumbai for BOB branches, Ho accounts eDB for eDB branches and CAD eVB for eVB branches may be contacted for any further guidance / clarification required in the matter.



**बैंक ऑफ़ बड़ौदा Bank of Baroda**

**UDIN NO of the SBAs**

**Last but not the least the branches should ensure that the Statutory Branch Auditors affix their UDIN No as stated in closing circular dated 20.03.2020, without fail.**

If there are any further changes/additional requirements from RBI, Corporate accounts department would issue addendum.

Yours faithfully,

**(G Ramesh)**  
**Head- Corp. A/Cs & taxation and CFO**



**Bank of Baroda**

**Branch**

**Region**

**Zone**

**Disclosure on RP's implemented as on 31.03.2020**

Asset Category	No of accounts where RP implemented within the time frame	Amount in crore
		Outstanding as on 31.03.2020
<b>STANDARD</b>		
<b>NPA</b>		
<b>TOTAL</b>		

**Chartered Accountant**

**Branch/ Regional/ Zonal head**