
LFAR, Exception Reports, Finacle Audit in Banking Sector

(Module - 6 : DISSA Course)

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April 09, 2022

Finacle – (illustrative Tr. Codes)

Verification	Menu Code
Account Scrutiny	ACLI
Customer Master	CUMM
Account Level Inquiry	ACM / ACI
Transaction Inquiry	TI / TM
Fin. Tran. Inquiry – Criterion Search	FTI
Inquire on Transaction (Office Accounts)	IOT
Bills Module (Inland)	BM
Foreign Bills Module	FBM
Foreign Bills Inquiry	FBI

1. **ACLI (Account Ledger Inquiry):**

- helps to verify the ledger of customers for a given period.

2. **LAOPI (Loans & Advances Overdue Position Inquiry):**

- With the help of LAOPI we can verify Principal as well as Interest Overdue a given account.

3. **ACI (Account Inquiry):**

helps in verifying master data of particular account e.g. in a particular loan account we can verify its Repayment schedule, EMIs, Rate of interest, Overdue Principals, Asset Classification, etc.

Indicative Checklist for CBS Branches

1. Whether all the Recommended printouts are being taken at the Recommended intervals
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3. Whether the signatures scanned & attached regularly for all the accounts ?
4. The details of the accounts for which the signatures are NOT available in the system: SB: CC:
5. Whether Exception reports are verified and authenticated by Branch Head ?
6. Whether PV of List of hardware as on the last half year done ?
7. Whether hardware items are numbered records ?
8. Whether complaint attended by Hard Ware / AMC vendor recorded ?
9. Whether Annual Maintenance Contract is in force for Computers/other hardware ?
10. Whether records maintained for consumption of Computer Stationery, printer etc.,?

11. Whether all users in the system are members as per Attendance Register ?
12. Whether System Administrator obtains request from the user for deleting/resetting password duly approved by the Branch Manager ?
13. User-id/ Name of Officers performing Systems Admin roles in addition to regular duties:
14. Whether Anti Virus is loaded in all Windows PCs and virus scan is done regularly?
15. Whether the users in the Branch are satisfied with the performance of the system/ network ?

LFAR: RBI Guideline Extracts

- “ *The revised LFAR formats are required to be put into operation for the period covering FY 2020-21 and onwards.*
- *The mandate and scope of the audit will be as per this format and if the SCA feels the need of any material additions, etc., this may be done by giving specific justification by the SCA and with the prior intimation of the bank’s Audit Committee of Board (ACB).*
- **VI. INFORMATION SYSTEMS**
- **1. Robustness of IT Systems:**
- *Auditors should comment on the robustness of IT systems covering all the software used by the bank along with functions thereof, inter-linkage/interface between different IT Systems, ATM network and its security, payment system products & services among others.*
- *Further, it should be examined whether the software used by the bank were subjected to Information System & Security Audit, Application function testing and any other audit mandated by RBI.* “

RBI Guidelines

- 1. Adequacy of IS Audit, migration audit (as and where applicable) and any other audit relating to IT and cyber security system and bank's compliance to the findings of those audits should be commented upon.
- 2. **IT Security and IS Policy:** Auditors should comment whether the bank has duly updated and approved IT Security and IS Policy and whether the bank has complied with the RBI advisory/directives relating to IS environment/cyber security, issued from time-to-time.
- 3. **Critical Systems / Processes:** It should be examined whether there is an effective system of inter-linkage including seamless flow of data amongst various software / packages deployed, via *Straight Through Process (STP)*.
- Special emphasis should be placed on outsourced activities and bank's control over them, including bank's own internal policy for outsourced activities.

E- rUPI

LAUNCHED DATE: 2 AUGUST 2021

- Hon'ble Prime Minister launched a new digital payment mode: e-RUPI.
- NPCI + Department of Financial Services (DFS), National Health Authority (NHA), Ministry of Health and Family Welfare (MoHFW), & partner banks, launched an innovative digital solution – 'e-RUPI'.
- **Digital voucher** aims to ensure = government's monetary benefits directly reach citizens in a 'leak-proof' manner..
- Make welfare payments easier & efficient, Looks like precursor of CBDC.
- QR Code or SMS string based e-voucher, delivered to beneficiary mobile
- E- vouchers are like e-gift cards, prepaid in nature.

Operation

- Users of one-time payment mechanism will be able to redeem voucher without a card, digital payments app or internet banking access
- cashless & contactless person- & purpose- specific digital payment solution.
- E-RUPI can be issued by a government or by corporates to their employees for targeted use as it only allows purchase from merchant outlets, but does not permit direct cash-out or peer-to-peer transfer
- Code of the cards can be shared either via SMS / QR code can be shared.

Is e-RUPI a Cryptocurrency?

- **Similarity** = both are not dependent on an intermediary, = transfer are made directly to whoever it is intended for.
- e-RUPI = backed by the existing Indian rupee as the underlying asset & specificity of its purpose makes it different to a virtual currency
- E-Rupi = voucher-based payment system.
- CC= DLT & BC, e-RUPI = UPI

Chapter 6 : Sample MCQ for DISSA Exam

1. Reserve Bank of India's functions are classified into:

- a) Supervisory & Regulatory
- b) Promotional & Developmental
- c) Foreign exchange
- d) All of the above

Answer 1 : d

2. Current (April 2022) Repo & Reverse Repo rate is:

- a) 3%, 2.25 %
- b) 4%, 3.35 %
- c) 5%, 4 %
- d) 8 % , 6.25 %

Answer 2 : b

3.KYC implies:

- a.Know Your Customer very well
- b.Know Your existing Customer very well
- c.Know Your prospective Customer's family very well
- d.Satisfy yourselves about the customer's identity and activities

Answer 3 : d

4. Hypothecation is applicable in the case of

- a) Movable goods
- b) Immovable property
- c) Book debts
- d) Corporate guarantee

Answer : a

5.Charge created on LIC Policy is:

- a) Hypothecation
- b) Pledge
- c) Assignment
- d) Mortgage

Answer : c

MCQ – CBS

1. CBS covers which of the following

- a) Deposits, Advances
- b) Bills & Remittances
- c) General Ledger
- d) All of the above

•Option d

2. CBS software resides

- a.in a central application server located in the data centre of central office only
- b.in the branch server
- c.in the Data centre database server
- d.in the ATM server

3. Which of the following is not an element of CBS Data centre

- a.Infrastructure
- b.Environment – Temperature, rodent & Fire control
- c.Structured Cabling, Network operation centre
- d.Registers maintained at branch

4. Which of the following is not a function of IT department in CBS

- a. Proper delegation of tasks
- b. Functions incompatibility
- c. Segregation of duties
- d. Internal audit

5. Which is not the element of operation of CBS branch

- a. Access control
- b. Physical & environmental control
- c. LFAR preparation and uploading
- d. BCP / DRP