CHAPTER 10

Audit of Banks

MULTIPLE CHOICE QUESTIONS

1. Regulating body in case of banks is:

(*a*) SEBI (*b*) IRDA
(*c*) RBI (*d*) ICAI

2. Which of the following is fund-based advance:

(*a*) Term loans (*b*) Cash credits
(*c*) Demand Loans (*d*) All of the above

3. Which of the following is not classification of NPA-

(*a*) Impaired (*b*) Sub standard
(*c*) Doubtful (*d*) Loss

4. Engagement Team Discussions are usually done at which stage of Bank audit?

(*a*) Appointment (*b*) Developing an Audit Plan
(*c*) Framing an Audit Programme (*d*) Issuing Audit Report

5. The auditor of a nationalised bank is to be appointed by: -

(*a*) The Bank concerned through its Board of Directors
(*b*) Shareholders in Annual General Meeting
(*c*) Comptroller & Auditor General of India
(*d*) Ministry of Corporate Affairs

6. The LFAR is to be submitted before—every year

(*a*) 30th April (*b*) 31st May
(*c*) 30th June (*d*) 30th September

7. In case of Frauds involving amount less than INR 1 crores, the auditor should report to the: -

(*a*) Central Government (*b*) Reserve Bank of India
(*c*) Bank's Board/Audit Committee (*d*) Comptroller & Audit General

8. Which of the following is a non-funded facility as sanctioned by any bank: -

(*a*) Bank Guarantee (*b*) Term Loan
(*c*) Staff Advances (*d*) Bank Overdraft

9. The term "Drawing Power" is associated with which of the following facilities as sanctioned by any Bank: -

(*a*) Letter of Credit (*b*) Term Loan
(*c*) Staff Advances (*d*) Cash Credit Limit

10. Drawing Power in case of a Consortium advance is computed and allocated to member banks by the

(*a*) Bank Members Proportionately (*b*) Lead bank
(*c*) Borrower (*d*) Reserve Bank of India

11. A Ltd. has been assigned a Cash Credit limit of INR 20 lacs as against its Book Debts furnished as security. What kind of Security creation is it?

(*a*) Pledge (*b*) Mortgage
(*c*) Assignment (*d*) Set-off

12. Mrs. Reema has availed a Personal Loan for her Boutique of INR 5 lakh and a Vehicle Loan to purchase an Activa Scooter for INR 60,000. She is regular in depositing EMI of the Activa Loan but has not made any payments towards the Personal Loan due to low business during the year. In this case, which of the following facilities should be categorized as NPA?

(*a*) Activa Loan (*b*) Personal Loan
(*c*) Higher of the two (*d*) Both the Activa Loan & the Personal Loan

13. The matters which the banks require their auditors to deal with in the Long Form Audit Report is to be specified by

(*a*) Banking Regulation Act, 1949 (*b*) Central Government
(*c*) Comptroller and Auditor General of India (*d*) Reserve Bank of India

14. The auditors should classify Credit card accounts as NPA, if __________ amount due, as mentioned in the credit card statement is not paid fully within ________ days from next statement date.

(*a*) Total, 90 (*b*) Minimum, 90
(*c*) Minimum, 30 (*d*) Minimum, 60

15. An agricultural advance is classified as NPA, if interest or principal is overdue for _______ in case of short duration crops or if interest or principal is overdue for__ in case of long duration crops.

(*a*) One crop season, two crop season (*b*) Two crop season, one crop season
(*c*) 90 days, 120 days (*d*) 120 days, 90 days

16. The bank is a consortium member of Cash Credit Facilities of 100 crores to Bottle Limited. Bank's own share is Rs 20 crores only. During the last two quarters against a debit of Rs 1.75 crores towards interest the credits in Bottle Ltd's account are to the tune of Rs 1.25 crores only. The auditors have classified the account of Bottle Ltd as performing

(*a*) Incorrect, Bottle ltd is Non Performing Asset (NPA)
(*b*) Correct, Bottle ltd is performing asset
(*c*) Bottle Ltd's classification is subjective
(*d*) None of the above

17. During the stage of "Risk Assessment" in a bank audit, the auditor is required to identify and assess risks. Risks to be identified and assessed include:
(*a*) Risks of Material Misstatements and Risk of Fraud including Money Laundering
(*b*) Risks of Material Misstatements and Risk of Fraud including Money Laundering and Specific Risks
(*c*) Risk Associated with Outsourcing of activities and Risk of Fraud including Money Laundering
(*d*) Risks of Material Misstatements, Risk of Fraud including Money Laundering, Specific Risks and Risk Associated with Outsourcing of activities

18. Which of the following activity is generally not form part of execution stage in a bank audit:
(*a*) Establish Engagement Team
(*b*) Engagement Team Discussions
(*c*) Response to the Assessed Risks
(*d*) Appropriateness of Going Concern

19. You are at the planning stage for one of your firm's client XYZ Bank for the year ended 31st March 2023. The bank is a commercial bank that provides a number of products and services to the general public and other segments of the economy in the area of South Mumbai. You are assigned the audit of one of the branches of XYZ Bank. The audit engagement team was called to have a detailed discussion on the following matters. Which one of the following should not be included in the discussion for the audit of banks?
(*a*) Appointment and remuneration to be received on this engagement
(*b*) Errors of last year in the application of accounting policies of the bank
(*c*) Methods of fraud if any perpetrated by the bank employee within particular balances and/or dis-closures
(*d*) Effect of the results of the risk assessment procedures on other aspects to decide the nature, timing and extent of further audit procedures

20. M/s. S Ltd. is a MSME unit. The company does multiple banking. The company is availing cash credit limit from U Bank of ₹ 25 crores. The limit availed remained less than ₹ 5.00 crores during all the days of F.Y. 2022-23. The company has not done any credit in cash credit account during the year as it is operating current account in newly opened another bank branch adjoining to company premises. The company is having sufficient security of stocks and debtors and DP of ₹ 25.00 crores remains all over the year. The company is availing term loans from other bank branches. Now the Bank Manager is insisting to route the sale proceeds through U Bank, otherwise cash credit limit and term loan accounts with other banks will be treated as Non-Performing Accounts
(*a*) Cash credit facility with U Bank need to be classified as NPA as there is no credit in the account to serve the interest charged in the account. Classification of term loan with other banks depends upon the payment made to that bank
(*b*) Cash credit facility with U Bank as well term loans with other bank branches need to be classified as NPA

(*c*) Cash credit facility with U Bank as well term loans with other bank branches need to be classified as performing

(*d*) Cash credit facility with U Bank need to be classified as performing whereas classification of term loan with other banks depends upon the payment made to that bank

21. Which of the following is correct in the case of Banks?

(*a*) The policy of income recognition should be objective

(*b*) The policy of income recognition should be subjective

(*c*) The policy of income recognition maybe objective or subjective

(*d*) The policy of income recognition should be objective and based on record of recovery rather than on any subjective considerations

22. In the course of audit of Good Samaritan Bank as at 31st March 2023 you observed the following: in a particular account there was no recovery in the past 18 months. The bank has not applied the NPA norms as well as income recognition norms to this particular account. When queried the bank management replied that this account was guaranteed by the central government and hence these norms were not applicable. The bank has not invoked the guarantee

(*a*) Bank is correct to the extent of not applying the NPA norms for provisioning purposes. But this exemption is not available in respect of income recognition norms

(*b*) Bank is not correct to the extent of not applying the NPA norms for provisioning purposes. But this exemption is available in respect of income recognition norms

(*c*) Bank is correct in not applying the NPA norms and income recognition norms

(*d*) Bank is not correct in not applying the NPA norms and income recognition norms

23. In carrying out audit of deposits and liabilities in a bank, the auditor is primarily concerned with obtaining __________ that all known liabilities are recorded and stated at appropriate amounts

(*a*) Absolute assurance

(*b*) Reasonable assurance

(*c*) Moderate assurance

(*d*) Limited assurance

24. Management develops controls and uses performance indicators to aid in managing key business and financial risks. Requirements of Risk Management System in a Bank may include:

1. Oversight by Those Charged with Governance
2. Identification, measurement and monitoring of risks
3. Control activities
4. Monitoring activities
5. Reliable information systems
6. Assess the Risk of Fraud including Money Laundering by audit team
7. Identifying and Assessing the Risks of Material Misstatements by auditor
8. Assess Specific Risks at engagement level that may cause material misstatement

Identify the requirements:

(*a*) 1, 2, 3 and 4

(*b*) 5, 6, 7 and 8

(*c*) 1, 2, 3,4 and 5

(*d*) 6, 7 and 8

25. Which of the following is correct?

(*a*) Sub-section (1) of section 30 of the Banking Regulation Act, 1949 requires that the balance sheet and profit and loss account of a banking company should be audited by a Firm of Chartered Accountants only.

(*b*) Sub-section (1) of section 30 of the Banking Regulation Act, 1949 requires that the balance sheet and profit and loss account of a banking company should be audited by a person duly qualified under any law for the time being in force to be an auditor of companies.

(*c*) Sub-section (1) of section 30 of the Banking Regulation Act, 1949 requires that the balance sheet and profit and loss account of a banking company; should be audited by a CAG Auditor only.

(*d*) Sub-section (1) of section 30 of the Banking Regulation Act, 1949 requires that the balance sheet and profit and loss account of a banking company should be audited by a person duly qualified under Banking Law.

26. In addition to the main audit report, Statutory Central Auditors are required to issue other reports/ certificates. Which of the following is not covered within their scope?

(*a*) Report on adequacy and operating effectiveness of Internal Controls Over Financial Reporting in case of banks which are registered as companies under the Companies Act in terms of Section 143(3)(1) of the Companies Act, 2013.

(*b*) Long form audit report (LFAR).

(*c*) Report on compliance with Statutory Liquidity Ratio.

(*d*) Unit Inspection Reports

27. Under the Banking Regulation Act, what is the frequency of the statutory audit of banks in India?

(*a*) Half-yearly

(*b*) Quarterly

(*c*) Annually

(*d*) Biennially

28. Which accounting standards are followed by banks in India for the preparation of financial statements?

(*a*) Indian Accounting Standards (Ind AS)

(*b*) Generally Accepted Accounting Principles (GAAP)

(*c*) International Financial Reporting Standards (IFRS)

(*d*) Indian Financial Reporting Standards (IFRS)

29. What is the primary objective of the Concurrent Audit system introduced by RBI for banks in India?

(*a*) To assess operational efficiency

(*b*) To monitor day-to-day transactions in real-time

(*c*) To confirm compliance with tax regulations

(*d*) To evaluate the effectiveness of internal controls

30. What is the primary focus of the auditor when assessing the Non-Performing Assets (NPAs) during the audit of a bank in India?

(*a*) Evaluating the adequacy of loan loss provisions

(*b*) Confirming the accuracy of fixed asset balances

(*c*) Assessing market risks
(*d*) Verifying the valuation of inventory

31. In the context of bank audit, what is the primary objective of the auditor regarding internal controls?
(*a*) To identify opportunities for cost reduction
(*b*) To express an opinion on the effectiveness of management
(*c*) To provide assurance on the reliability of financial reporting
(*d*) To determine the market value of the bank's stock

32. Under the Risk-Based Internal Audit (RBIA) framework, what is the primary consideration for the auditor?
(*a*) Evaluating the bank's investment portfolio
(*b*) Confirming the accuracy of petty cash transactions
(*c*) Assessing the bank's compliance with SEBI regulations
(*d*) Reviewing the effectiveness of internal controls

33. What is the primary responsibility of the auditor regarding the Management Representation Letter in the context of a bank audit?
(*a*) To draft the letter on behalf of the management
(*b*) To review and sign the letter
(*c*) To obtain and evaluate the letter from the management
(*d*) To ignore the letter as it is not a mandatory requirement

34. In the audit of a bank, which risk is associated with the fluctuation in interest rates affecting the bank's net interest income?
(*a*) Credit risk
(*b*) Liquidity risk
(*c*) Market risk
(*d*) Operational risk

35. What is the primary focus of the auditor when reviewing a bank's compliance with Know Your Customer (KYC) norms?
(*a*) Assessing market risks
(*b*) Verifying the valuation of inventory
(*c*) Confirming the accuracy of fixed asset balances
(*d*) Ensuring compliance with regulatory requirements.

36. Under the Internal Capital Adequacy Assessment Process (ICAAP), what is the auditor primarily concerned with?
(*a*) Assessing the bank's marketing strategy
(*b*) Evaluating the adequacy of loan loss provisions
(*c*) Reviewing the effectiveness of internal controls
(*d*) Confirming the accuracy of cash balances

37. What is the role of the auditor in assessing the appropriateness of the Risk-Based Internal Audit (RBIA) framework?
(*a*) Confirming the accuracy of fixed asset balances
(*b*) Reviewing the effectiveness of internal controls
(*c*) Evaluating the bank's investment portfolio
(*d*) Assessing the market value of bank premises

38. What is the primary consideration for the auditor when reviewing the valuation of financial instruments in a bank's portfolio?
(*a*) Confirming the accuracy of petty cash transactions
(*b*) Assessing the bank's compliance with SEBI regulations
(*c*) Evaluating the adequacy of loan loss provisions
(*d*) Ensuring compliance with accounting standards

39. In the context of a bank audit, what is the purpose of the auditor's assessment of the Going Concern assumption?
(*a*) To confirm compliance with tax regulations
(*b*) To assess the bank's operational efficiency
(*c*) To evaluate the bank's market risks
(*d*) To ensure the bank can continue its operations for the foreseeable future

40. Which document provides the framework for the auditor's independence in the context of a bank audit?
(*a*) Companies Act, 2013
(*b*) Banking Regulation Act, 1949
(*c*) Chartered Accountants Act, 1949
(*d*) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

41. What is the primary focus of the auditor when assessing the quality of the bank's loan portfolio during an audit?
(*a*) Verifying the valuation of inventory
(*b*) Confirming the accuracy of fixed asset balances
(*c*) Assessing the adequacy of loan loss provisions
(*d*) Evaluating the bank's investment portfolio

42. In the audit of banks, what is the significance of the Management's Responsibility section in the auditor's report?
(*a*) To emphasize the role of the auditor
(*b*) To disclose any limitations in the audit process
(*c*) To outline the responsibilities of the bank's management
(*d*) To confirm compliance with tax regulations

43. What does "Drawing Power" refer to in the context of bank financing?
(*a*) The power of the bank to demand repayment of the loan
(*b*) The borrower's ability to withdraw funds from the sanctioned limit

(*c*) The interest rate applied to the loan
(*d*) The bank's authority to approve loan applications

44. Which of the following factors is NOT typically considered when determining the drawing power of a borrower?
(*a*) Value of collateral
(*b*) Creditworthiness of the borrower
(*c*) Prevailing interest rates
(*d*) Economic conditions

45. In the context of working capital finance, what is the relationship between drawing power and the outstanding loan amount?
(*a*) Drawing power is always equal to the outstanding loan amount
(*b*) Drawing power is higher than the outstanding loan amount
(*c*) Drawing power is lower than the outstanding loan amount
(*d*) Drawing power is unrelated to the outstanding loan amount

46. Which financial statement is commonly used by banks to assess the drawing power of a borrower?
(*a*) Income Statement
(*b*) Cash Flow Statement
(*c*) Balance Sheet
(*d*) Statement of Changes in Equity

47. What role does the "Stock Statement" play in the assessment of drawing power?
(*a*) It provides information about the borrower's ownership structure
(*b*) It details the borrower's current stock of goods and inventory
(*c*) It outlines the borrower's historical stock prices
(*d*) It assesses the borrower's fixed assets

48. How does an increase in the value of the borrower's collateral affect the drawing power?
(*a*) Increases drawing power
(*b*) Decreases drawing power
(*c*) Has no impact on drawing power
(*d*) Makes drawing power irrelevant

49. In the context of project financing, what is the impact of project delays on drawing power?
(*a*) Increases drawing power
(*b*) Decreases drawing power
(*c*) Has no impact on drawing power
(*d*) Drawing power becomes negative

50. What is the significance of the "Margin" in relation to drawing power?
(*a*) It is the difference between the sanctioned limit and the drawing power
(*b*) It represents the interest charged by the bank
(*c*) It is the maximum amount a borrower can draw
(*d*) It refers to the profit margin of the borrower's business

51. Which regulatory body provides guidelines to banks on the computation and monitoring of drawing power?
(*a*) Institute of Chartered Accountants of India (ICAI)
(*b*) Reserve Bank of India (RBI)
(*c*) Securities and Exchange Board of India (SEBI)
(*d*) Ministry of Finance

52. How does the drawing power influence the availability of funds for a borrower?

(*a*) Higher drawing power leads to more available funds
(*b*) Lower drawing power increases available funds
(*c*) Drawing power has no impact on fund availability
(*d*) Higher drawing power decreases available funds

53. In the context of drawing power, what is the purpose of the "DP Statement" provided by the borrower to the bank?

(*a*) To explain the borrower's business plan
(*b*) To detail the borrower's personal expenses
(*c*) To update the bank on market conditions
(*d*) To show the computation of drawing power

54. Which of the following is a factor that may lead to a reduction in drawing power?

(*a*) Increase in the value of inventory
(*b*) Decrease in the creditworthiness of the borrower
(*c*) Improvement in economic conditions
(*d*) Expansion of the borrower's business

55. What does "DP Margin" represent in the context of drawing power?

(*a*) The percentage of drawing power already utilized
(*b*) The difference between sanctioned limit and drawing power
(*c*) The interest rate charged on the outstanding amount
(*d*) The minimum margin required by the bank

56. How does the drawing power concept apply to cash credit facilities?

(*a*) It determines the interest rate applicable to the facility
(*b*) It sets the maximum limit for cash withdrawals
(*c*) It regulates the repayment schedule
(*d*) It is irrelevant for cash credit facilities

57. In the context of drawing power, what is the significance of the "DP Statement Date"?

(*a*) The date on which the borrower can withdraw funds
(*b*) The date on which the drawing power is calculated
(*c*) The date on which the borrower repays the loan
(*d*) The date on which the interest is charged

58. How does a decrease in the value of the borrower's inventory impact drawing power?

(*a*) Increases drawing power
(*b*) Decreases drawing power
(*c*) Has no impact on drawing power
(*d*) Makes drawing power negative

59. What is the role of the "Credit Information Bureau (India) Limited (CIBIL)" in the context of drawing power?

(*a*) It determines the interest rate applicable to the facility
(*b*) It assesses the creditworthiness of the borrower

(*c*) It calculates the maximum limit for cash withdrawals
(*d*) It provides information on market conditions

60. How does the drawing power affect the bank's risk in lending to a borrower?
(*a*) Higher drawing power reduces the bank's risk
(*b*) Lower drawing power increases the bank's risk
(*c*) Drawing power has no impact on the bank's risk
(*d*) The bank's risk is determined by the interest rate

61. What is the primary purpose of monitoring drawing power regularly by banks?
(*a*) To determine the borrower's business strategy
(*b*) To assess the profitability of the borrower's business
(*c*) To ensure compliance with regulatory guidelines
(*d*) To set the interest rate for the facility

62. What is the significance of the "DP Statement Period" in the context of drawing power?
(*a*) It is the duration for which the borrower can utilize the sanctioned limit
(*b*) It is the time during which the interest is calculated
(*c*) It is the period over which the drawing power is assessed
(*d*) It is the frequency at which the borrower submits financial statements

63. What is the primary purpose of the Long Form Audit Report (LFAR) in the context of a bank audit?
(*a*) To provide a detailed analysis of financial statements
(*b*) To comply with international accounting standards
(*c*) To report on the internal control system of the bank
(*d*) To assess the market risks associated with the bank's investments

64. Which regulatory body mandates the submission of the LFAR by banks in India?
(*a*) Securities and Exchange Board of India (SEBI)
(*b*) Reserve Bank of India (RBI)
(*c*) Institute of Chartered Accountants of India (ICAI)
(*d*) Ministry of Finance

65. In LFAR, what does the term "ALM" stand for?
(*a*) Asset Liability Management
(*b*) Accounting and Liability Management
(*c*) Audit and Legal Management
(*d*) Asset and Loan Management

66. What aspect of a bank's operations does LFAR primarily focus on?
(*a*) Marketing strategy
(*b*) Profitability analysis
(*c*) Internal control system
(*d*) Cash flow management

67. Which of the following is a key area covered in LFAR related to credit risk management?
(*a*) Assessment of marketing strategies
(*b*) Evaluation of the loan portfolio
(*c*) Analysis of profitability ratios
(*d*) Review of cash management practices

68. Under LFAR, what is the auditor's responsibility regarding the "Asset Classification and Provisioning"?

(*a*) Assessing the bank's marketing strategy
(*b*) Confirming the accuracy of fixed asset balances
(*c*) Evaluating the adequacy of loan loss provisions
(*d*) Reviewing the effectiveness of internal controls

69. Which section of LFAR primarily deals with the examination of compliance with statutory and regulatory guidelines?

(*a*) Section I - Capital Adequacy
(*b*) Section II - Asset Quality
(*c*) Section III - Management of Income and Expenditure
(*d*) Section IV - Compliance

70. What is the significance of the "Annual Review of Inspection Reports" in LFAR?

(*a*) It assesses the market risks associated with the bank's investments
(*b*) It provides insights into the internal control weaknesses
(*c*) It evaluates the effectiveness of the bank's marketing strategies
(*d*) It confirms the accuracy of fixed asset balances

71. Under LFAR, what is the primary purpose of the "Management's Response" section?

(*a*) To outline the responsibilities of the bank's management
(*b*) To detail the bank's profitability analysis
(*c*) To provide explanations for the identified weaknesses
(*d*) To confirm compliance with tax regulations

72. Which of the following areas is covered in LFAR under the section on "Asset Quality"?

(*a*) Review of accounting policies
(*b*) Evaluation of capital adequacy
(*c*) Assessment of the internal audit function
(*d*) Examination of the loan portfolio

Answer Key

1. (*c*)	**2.** (*d*)	**3.** (*a*)	**4.** (*b*)	**5.** (*a*)	**6.** (*c*)	**7.** (*c*)	**8.** (*a*)	**9.** (*d*)	**10.** (*b*)
11. (*c*)	**12.** (*d*)	**13.** (*d*)	**14.** (*b*)	**15.** (*b*)	**16.** (*a*)	**17.** (*d*)	**18.** (*a*)	**19.** (*a*)	**20.** (*a*)
21. (*d*)	**22.** (*a*)	**23.** (*b*)	**24.** (*b*)	**25.** (*b*)	**26.** (*d*)	**27.** (*c*)	**28.** (*a*)	**29.** (*b*)	**30.** (*a*)
31. (*c*)	**32.** (*d*)	**33.** (*c*)	**34.** (*c*)	**35.** (*d*)	**36.** (*b*)	**37.** (*b*)	**38.** (*d*)	**39.** (*d*)	**40.** (*c*)
41. (*c*)	**42.** (*c*)	**43.** (*b*)	**44.** (*c*)	**45.** (*c*)	**46.** (*c*)	**47.** (*b*)	**48.** (*a*)	**49.** (*b*)	**50.** (*a*)
51. (*b*)	**52.** (*a*)	**53.** (*d*)	**54.** (*b*)	**55.** (*d*)	**56.** (*b*)	**57.** (*b*)	**58.** (*b*)	**59.** (*b*)	**60.** (*b*)
61. (*c*)	**62.** (*c*)	**63.** (*c*)	**64.** (*b*)	**65.** (*a*)	**66.** (*c*)	**67.** (*b*)	**68.** (*c*)	**69.** (*d*)	**70.** (*b*)
71. (*c*)	**72.** (*d*)								

SOLUTION

1. (*c*) RBI
2. (*d*) All of the above
3. (*a*) Impaired
4. (*b*) Developing an Audit Plan
5. (*a*) The Bank concerned through its Board of Directors
6. (*c*) 30th June
7. (*c*) Bank's Board/Audit Committee
8. (*a*) Bank Guarantee
9. (*d*) Cash Credit Limit
10. (*b*) Lead bank
11. (*c*) Assignment
12. (*d*) Both the Activa Loan & the Personal Loan
13. (*d*) Reserve Bank of India
14. (*b*) Minimum, 90
15. (*b*) Two crop season, one crop season
16. (*a*) Incorrect, Bottle ltd is Non Performing Asset (NPA)
17. (*d*) Risks of Material Misstatements, Risk of Fraud including Money Laundering, Specific Risks and Risk Associated with Outsourcing of activities
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20. (*a*) Cash credit facility with U Bank need to be classified as NPA as there is no credit in the account to serve the interest charged in the account. Classification of term loan with other banks depends upon the payment made to that bank
21. (*d*) The policy of income recognition should be objective and based on record of recovery rather than on any subjective considerations
22. (*a*) Bank is correct to the extent of not applying the NPA norms for provisioning purposes. But this exemption is not available in respect of income recognition norms
23. (*b*) Reasonable assurance
24. (*b*) 5, 6, 7 and 8
25. (*b*) Sub-section (1) of section 30 of the Banking Regulation Act, 1949 requires that the balance sheet and profit and loss account of a banking company should be audited by a person duly qualified under any law for the time being in force to be an auditor of companies.
26. (*d*) Unit Inspection Reports
27. (*c*) Annually

28. (*a*) Indian Accounting Standards (Ind AS)

29. (*b*) To monitor day-to-day transactions in real-time

30. (*a*) Evaluating the adequacy of loan loss provisions

31. (*c*) To provide assurance on the reliability of financial reporting

32. (*d*) Reviewing the effectiveness of internal controls

33. (*c*) To obtain and evaluate the letter from the management

34. (*c*) Market risk

35. (*d*) Ensuring compliance with regulatory requirements

36. (*b*) Evaluating the adequacy of loan loss provisions

37. (*b*) Reviewing the effectiveness of internal controls

38. (*d*) Ensuring compliance with accounting standards

39. (*d*) To ensure the bank can continue its operations for the foreseeable future

40. (*c*) Chartered Accountants Act, 1949

41. (*c*) Assessing the adequacy of loan loss provisions

42. (*c*) To outline the responsibilities of the bank's management

43. (*b*) The borrower's ability to withdraw funds from the sanctioned limit

44. (*c*) Prevailing interest rates

45. (*c*) Drawing power is lower than the outstanding loan amount

46. (*c*) Balance Sheet

47. (*b*) It details the borrower's current stock of goods and inventory

48. (*a*) Increases drawing power

49. (*b*) Decreases drawing power

50. (*a*) It is the difference between the sanctioned limit and the drawing power

51. (*b*) Reserve Bank of India (RBI)

52. (*a*) Higher drawing power leads to more available funds

53. (*d*) To show the computation of drawing power

54. (*b*) Decrease in the creditworthiness of the borrower

55. (*d*) The minimum margin required by the bank

56. (*b*) It sets the maximum limit for cash withdrawals

57. (*b*) The date on which the drawing power is calculated

58. (*b*) Decreases drawing power

59. (*b*) It assesses the creditworthiness of the borrower

60. (*b*) Lower drawing power increases the bank's risk

61. (*c*) To ensure compliance with regulatory guidelines

62. (*c*) It is the period over which the drawing power is assessed

63. (*c*) To report on the internal control system of the bank

64. (*b*) Reserve Bank of India (RBI)

65. (*a*) Asset Liability Management

66. (*c*) Internal control system

67. (*b*) Evaluation of the loan portfolio

68. (*c*) Evaluating the adequacy of loan loss provisions

69. (*d*) Section IV - Compliance

70. (*b*) It provides insights into the internal control weaknesses

71. (*c*) To provide explanations for the identified weaknesses

72. (*d*) Examination of the loan portfolio