

2010

BANK AUDIT

FOURTH PAPER

Full Marks : 100

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Answer any *three* of the following : 5×3=15

- (a) What is the purpose of conducting audit in a bank?
- (b) Locate the difference between inspection and audit.
- (c) What is LFAR? What about its compliance?
- (d) How does a bank appoint auditors?
- (e) What are the major responsibilities of an auditor?

2. Answer any *five* of the following : 7×5=35

- (a) "Audit is not free from risk." Discuss.
- (b) What is risk-based internal audit (RBIA)? What procedure is followed in RBIA?

- (c) Explain the nature of concurrent audit.
- (d) Explain the verification process for advances.
- (e) Briefly discuss various kinds of risk.
- (f) What is meant by ALM? Why is the ALM exercise crucial for a bank?

3. Answer any *five* of the following : 10×5=50

- (a) Do you agree with the view that Auditors should be unbiased and given a free hand to look at various aspects of functioning of the bank? If yes, substantiate.
- (b) What are meant by credit risk, operational risk, market risk, reputation risk and liquidity risk?
- (c) How is the concurrent audit beneficial to a bank?
- (d) What is NPA? Under what circumstances the Bank may decide to settlement by compromise?
- (e) What is the importance and role of ALCO? Write a small note on computer security in banks.
- (f) What is CAR? Explain the three pillars of Basel II.
- (g) Briefly discuss various types of audit.

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