

**SES's L.S. RAHEJA COLLEGE OF ARTS AND COMMERCE (AUTONOMOUS)**



**BOARD OF STUDIES: ACCOUNTANCY & FINANCE**

**PROGRAMME: M.COM (Banking & Finance)**

**SEMESTER: III**

**NOMENCLATURE OF THE COURSE: Auditing of Banking and  
Financial Sector**

**NEP Vertical: Major Mandatory**

**Credit: 4**

(As Per Choice Based Credit System (under NEP 2020) with effect  
from the Academic Year 2025-26)



<b>Programme:</b>	<b>M.COM</b>
<b>Nomenclature of the Course</b>	<b>Auditing of Banking and Financial Sector</b>
<b>Total Marks</b>	<b>100 marks</b>
<b>Semester:</b>	<b>III</b>
<b>Academic year</b>	<b>2025-26</b>

<b>Learning Objectives :</b>	<ul style="list-style-type: none"> <li>• The course aims to emphasize the importance of ensuring transparency, integrity, and reliability in financial reporting within the banking and financial sector.</li> <li>• To cultivate professional judgment and ethical decision-making skills, ensuring adherence to professional standards and best practices.</li> <li>• To develop proficiency in auditing methodologies tailored to the banking and financial sector.</li> </ul>
<b>Course Outcomes :</b>	<ul style="list-style-type: none"> <li>• Students will Acquire proficiency in auditing, enabling effective assessment of financial statements, internal controls, and regulatory compliance.</li> <li>• Students will gain the ability to evaluate complex financial instruments prevalent in banking, ensuring accurate valuation, classification, and disclosure in accordance with accounting standards and regulatory requirements.</li> <li>• Students will develop skills to assess risk management practices adopted by banks and financial institutions and evaluate the effectiveness of risk mitigation strategies through auditing processes.</li> </ul>

<b>Unit</b>	<b>Course Content</b>	<b>Andragogy</b>	<b>No of Lectures</b>
1.	<p><b>Auditing Concept and Audit of Limited Companies</b></p> <p>A) Nature, Scope and Significance of Auditing, Audit Engagement, Audit Program, Audit Working Papers, Audit Note Book, Audit Evidence, Qualifications, Disqualifications, Appointment, Removal, Remuneration of Auditors, Audit Ceiling, Status, Power, Duties and Liabilities of Auditors, Branch Audit, Joint Audit, Special Audit.</p> <p>B) Maintenance of Books of Account - Related Party Disclosures, Segment Reporting, Divisible Profit, Dividend and Depreciation (Companies Act, Standards on Accounting, Legal Decisions and Auditor's Responsibility), Representations by Management, Contents of Annual Report. Definition, Distinction between Report and Certificate, Types of Reports/Opinion.</p>	Lectures, group discussions, case studies, and interactive lectures	15
2.	<p>Audit of Banking Companies</p> <p>A) Introduction of Banking Companies, Form and Content of Financial Statements, Qualification and Appointment of Bank Auditors, Power of Auditor, Auditor's Report, Format of Audit Report, Internal control system in Banks,</p>	Lectures, group discussions, case studies, and	15

	Categories of Bank Audit: Concurrent audit, Internal Audit/ Information Systems, Audit and Statutory audit,  B) Banking Regulation Act in pursuant to accounts and auditing of banking companies - Sec 29 to Sec 34A, Guidance Note on Audit of Banks by ICAI.	interactive lectures	
3.	Audit of Insurance Companies  A) Audit of Companies carrying General Insurance Business, Audit of Companies carrying Life Insurance Business, Applicability of Accounting Standards (AS 3,4,9,13,17), Books and Registers to be maintained.  B) Submission of Reports and Returns, Audit of Accounts, Preparation of Audit and Internal Controls.	Lectures, group discussions, case studies, and interactive lectures	15
4.	Internal Control and Ethical Principles of Auditing  A) Internal Controls, Operational Risk – Definition, Safeguards and Reporting, Types of Internal Audit, Types of External Audit, Reporting to Head Office, Reporting to Board of Directors, Reporting to RBI, Reporting to Stock Exchanges and SEBI – in the case of listed Banks. Maximum Promoter Holding (say, 15%)  B) Overview of ethical principles and values in auditing, Importance of professional ethics for auditors and stakeholders, Ethical challenges and dilemmas in the audit profession, Overview of regulatory bodies and professional organizations in auditing, Examination of audit standards and guidelines related to ethics, Compliance requirements and consequences of non-compliance with ethical standards	Lectures, group discussions, case studies, and interactive lectures	15

### SUGGESTED READINGS

- "Auditing and Assurance: Textbook for CA Intermediate (IPC)" by Surbhi Bansal, Publisher: AUBS Publishers.
- "Bank Audit: A Practical Guide" by R. L. Gupta, Publisher: Bharat Law House.
- "Auditing in Financial Institutions" by Dr. R. Jayaraman, Publisher: Taxmann Publications Pvt. Ltd.
- "Bank Audit & Practical Case Studies" by D. K. Bansal and C. A. Kamal Garg, Publisher: Bharat Law House.