Chikmagalur Pattana Sahakara Bank Niyamitha
Inspection/Audit Policy

(Approved in the Board Meeting held on 24/04/2026 Agenda --10--)

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Chikmagalur Pattana Sahakara Bank Niyamitha

Inspection/Audit Policy of the Bank

1. Preamble

This Policy is framed in accordance with the guidelines issued by the Reserve Bank of India and applicable provisions of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies), and other relevant laws.

The objective of this policy is to establish a **robust audit and inspection framework** to ensure:

- **i.** Financial integrity
- **ii.** Regulatory compliance
- **iii.** Risk mitigation
- **iv.** Early detection of fraud and irregularities

2. Objectives of Inspection /Audit

The overall objective of audit/inspection is to help bank management in achieving efficiency and effectiveness in all operations. It enables bank management in finding out that the branch/office of the bank is functioning on sound footing from financial and banks' point of view. The protection of depositors' interests and ensuring financial stability are two of the major drivers for putting in place an effective system of Inspection/Audit To summarize the key objectives of audit inspections are as under

- **i.** To ensure **independent and effective internal audit systems**
- **ii.** To strengthen **internal controls and governance**
- **iii.** To ensure **compliance with RBI guidelines and statutory requirements**
- **iv.** To facilitate **risk-based supervision and monitoring**
- **v.** To provide assurance to the Board regarding the **soundness of operations**

Credibility of an institution, particularly that of financial institution depends on its internal control and supervision mechanism which can promptly detect irregularities, if any, and take corrective measures and ensure non recurrence of irregularities. Business of banking is susceptible to frauds. It is, therefore, necessary to have an internal control and supervision mechanism for ensuring that no one person is in a position to violate procedures, rules, regulations, guidelines, do an unauthorized act detrimental to the bank which remains undetected for an indefinite period or long time. Therefore, inspection and audit play crucial role in success of banking operations. In order

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to achieve these objectives, a comprehensive policy titled as "Inspection/Audit Policy of **Chikmagalur Pattana Sahakara Bank Niyamitha"** has been framed with the approval of Board.

3. Audit Committee of the Board

In terms of Master Directions issued by RBI vide circular DOR.GOV.REC.No.192/18-10-014/2025-26 dated November 28, 2025 0n **Urban Co-operative Banks – Governance, bank has to mandatorily set up an** Audit Committee of the Board which is part of Governance to review and issue necessary directions to strengthen the internal control system in the bank. Inspection and Audit is most important tool to strengthen the internal control system. Important functions of the Audit Committee of the Board are listed below

3.1. A UCB shall set up an Audit Committee at the Board level for overseeing and providing directions to the internal audit / inspection machinery and other executives.

3.2. The Audit Committee of the Board (ACB) of a UCB shall consist of a chairman and three / four directors, one or more of such directors being chartered accountant or having experience in management, finance or accountancy and audit systems.

3.3. The ACB of a UCB shall review the implementation of directions / guidelines issued by RBI and submit a note thereon to the Board at quarterly intervals. Further, the ACB shall be responsible for the following major areas:

3.4.provide direction to and oversee the operations of the entire audit function in the UCB. The entire audit function will imply the organization, operationalisation and quality control of internal audit and inspection within the UCB, follow up on the statutory audit of the UCB and inspection report of RBI;

3.5.review the internal inspection / audit function in the UCB – the system, its quality and effectiveness in terms of follow up. It shall review the follow up action on the internal inspection reports with special focus on:

i. "unsatisfactory" branches and branches classified as extra large by the UCB;

ii. inter-branch adjustment accounts;

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iii. unreconciled long outstanding entries in inter-branch accounts and inter-bank accounts;

iv. . arrears in balancing of books;

v. frauds; and

vi. all other major areas of housekeeping;

3.6.compliance with the statutory audit / concurrent audit / RBI inspection reports;

3.7.examine any omission on the part of internal inspecting officials to detect serious irregularities; and

3.8.periodic review of the accounting policies / systems in the UCB with a view to ensure greater transparency in the bank's accounts and adequacy of accounting controls.

4. Types of Inspection / Audits

In order to achieve the objectives mentioned in para 1, the bank is subjected to inspection/audit by internal as well external agencies to assess the financial health of the bank. The various type of Inspections /audit prevalent in the bank are as under.

i. Internal Inspection
ii. Concurrent Audit
iii. Electronic Processing Data (EDP) audit
iv. Information System (IS) Audit
v. Statutory Audit
vi. Inspection by Reserve Bank of India

The various type of inspection/audit by different agencies have been discussed in detail in the ensuing paragraphs.

5. Internal Inspection

5.1.Objective of internal Inspection

The main objective of internal inspection is to ensure that the business of the bank is conducted in an orderly and prudent manner in accordance with established policies and practices, guidelines issued by RBI and other regulatory authorities are observed. The inspection of branches will also help to assess that the bank's performance in various banking activities are being conducted in conformity with the provisions of the relevant acts, rules, regulations etc. It also helps bank to examine financial and managerial soundness of it to ensure that the assets are safeguarded and liabilities are properly controlled. The inspection of branches also help to ensure that the loan documents are complete and enforceable. To summarize, the objective of internal inspection are as under.

- **i.** To protect the interest of the present and future depositors.
- **ii.** To ensure that the business conducted by the banks is in conformity with the provisions of the relevant Acts/Rules, regulations/Bye-Laws.
- **iii.** To ensure observance of rules, guidelines, etc., formulated and issued by RBI/ Government.
- **iv.** To examine the financial soundness of the banks and internal inspection provides an assurance to the management that the internal controls to the preparation of financial statements are adequate and operating effectively.
- **v.** To prevent and deduct financial irregularities , frauds and misappropriations

5.2.Profile of the banks' Inspection department

The bank is having 11 branches under its area of operation and its Head Office at Bijapur . In order to strengthen the bank functioning on sound footing, the bank should introduce a sound system of internal audit/Inspection. Accordingly, to strengthen the credibility of the inspection system in detecting cases of frauds/malpractices, steps need to be taken to gear up the inspection/audit machinery and to improve the quality of officers conducting inspection.

The officers posted to conduct inspection should have sufficient experience and should be imparted training periodically to update them regarding the instructions/guidelines issued by RBI and other regulatory authorities. The officers posted to inspection department /cell should continue for at least three years.

5.3.Periodicity of Internal Inspection

The periodicity of the internal inspection of the bank/branches should be at least once in every 12 months, which should be really of surprise character.

5.4.Coverage of Internal

The coverage of internal inspections should also be made more comprehensive, inter alia, to include the following aspects.

- i. A thorough examination of the internal control system prevailing at the branches including the various periodical control returns submitted to the head offices.
- ii. The internal inspection report should specifically comment, on the position of irregularities pointed out in the inspection report of Reserve Bank of India.
- iii. The inspection/audit officials should also critically analyse and make in-depth study of the corruption/fraud prone areas such as appraisal of credit proposals, balancing of books, reconciliation of inter-branch accounts, suspense accounts and stationery accounts during the course of inspection leaving no scope for any malpractices/irregularities remaining undetected.
- iv. The internal inspector should scrutinise the suspense account during inspection / visit and give specific instructions for early reversal of entries.

v. Proper inventory of dead stock articles, stationery should be maintained and subjected to surprise check at periodical intervals by the officials of the branch as also internal inspectors.

vi. The report should also have specific comments regarding loan proposal submitted by the branch to Head office, documents obtained, post disbursement and supervision by the branch and timely recovery in order to ensure that the loan account does not become NPA. In case the loan account has become NPA within one year of sanction i.e quick mortality, staff accountability aspect should also be examined.

vii. To examine whether loan sanctioned are as per the loan policy of the bank and delegation of powers.

viii. The inspection report should also contain whether 'Know Your Customer' guidelines issued by RBI have been adhered to.

Cash Balances

ix. Verification of Cash balance at Head Office and the branches inspected and tallying the cash verified with the balance of cash shown in cash balance book, Day Book and General Ledger.

x. Verify whether cash issued from the double lock to the cashier exceeds the normal requirements?

xi. Verify the cash excess / shortage register and ensure that postings are up to date and that shortages are not frequent.

5.5. Compliance with Prudential Norms

Internal inspector should bring out non-compliance with the prudential norms relating to income recognition, asset classification and provisioning for taking suitable action in the matter.

5.6. Revenue Audit (Income leakage)

The reasons of leakage of income unearthed during such audit should be examined in-depth and action taken against the officials responsible for the lapses. The income leakage should also form part of concurrent audit.

5.7. Investment Portfolio Audit

The inspection report should include the following measures in respect of investment portfolio.

5.7.1. The reconciliation of the balances of securities held in books of accounts.

5.7.2. The audit should scrutinize that the deals have been undertaken in the best interest of the bank and proper record of transactions and deal slips is maintained.

5.8.Guidelines and Performa for internal inspection

The guidelines and Performa for internal inspection/audit have been mentioned in

Annexure-'A' and 'B' respectively

6. Concurrent Audit

6.1.Introduction

Concurrent audit is an examination, which is contemporaneous with the occurrence of transactions or is carried out as near thereto as possible. It attempts to shorten the interval between a transaction and its examination by an independent person not involved in its documentation. There is an emphasis in favour of substantive checking in key areas rather than test checking. Concurrent Audit is regular audit of any transaction whereas Internal Audit is a periodic audit. .Concurrent Audit is conducted by an independent Chartered Accountant whereas Internal Audit is conducted by internal audit department of the bank.

6.2.Objective

The concurrent audit system is to be regarded as part of a bank's early-warning system to ensure timely detection of irregularities and lapses, which helps in preventing fraudulent transactions at branches. It is, therefore, necessary for the bank's management to bestow serious attention to the implementation of various aspects of the system such as selection of branches, coverage of business operations, and appointment of auditors, appropriate reporting procedures, follow up/rectification processes and utilisation of the feed-back from the system for appropriate and quick management decision

6.3.Role of Concurrent auditor

i. A concurrent auditor may not sit in judgement of the decision taken by bank/branch manager or an authorised official. However, the auditor will necessarily have to see whether the transactions or decisions are within the policy parameters laid down by the Head Office/Board of Directors, they do not violate the instructions or policy prescriptions of the Reserve Bank of India and that they are within the delegated authority and in compliance with the terms and conditions for exercise of delegated authority.

ii. Chartered Accountants / audit firms associated with the bank for concurrent audit assignments should not undertake statutory audit assignment during the same period. The firms associated with concurrent audit should relinquish the concurrent audit before accepting the statutory audit assignment during the year.

iii. The concurrent auditors shall certify that the investments held by the bank as on the last reporting Friday of each quarter as reported to the Reserve Bank of India are actually owned / held by it as evidenced by physical securities or the custodians statement. The certificate should be submitted to the Regional Office of the Reserve Bank of India, having jurisdiction over the bank, within thirty days from the end of the relative quarter.

iv. Serious irregularities brought out in the concurrent audit report should be immediately reported to the Head Office of the bank.

6.4.Coverage of Business/Branches

i. The Departments/Divisions at the Head Office dealing with treasury functions viz. investments, funds management including inter-bank borrowings, are to be subjected to concurrent audit. In addition, all branch offices undertaking such business have to be subjected to continuous audit.

ii. The problem branches, which are continuously getting poor or very poor rating in the bank's annual inspection/audit and where the house keeping is extremely poor may be covered.

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iii. Bank may also include additional branches at its discretion on the basis of need; that is their professional judgement about the overall functioning of the branches.

iv.

6.5. Types of Activities to be covered.

The main role of the concurrent audit is to supplement the efforts of the bank in carrying out simultaneous internal check of the transactions and other verifications and compliance with the procedures laid down. In particular, it should be seen that the transactions are properly recorded/documented and vouched. The concurrent auditors may broadly cover the following items:

6.5.1. Cash

i. Daily cash transactions with particular reference to any abnormal receipts and payments.
ii. Proper accounting of inward and outward cash remittances.
iii. Expenses incurred by cash payment involving sizeable amount.

6.5.2. Investment

i. Ensure that in respect of purchase and sale of securities, the branch (HO) has acted within its delegated power having regard to its Head Office instructions.
ii. Ensure that the securities held in the books of the branch are physically held by it
iii. Ensure that the branch is complying with the RBI/Head Office/Board guidelines regarding BRs, SGL forms, delivery of scrips, documentation and accounting
iv. Ensure that the sale or purchase transactions are done at rates beneficial to the bank.
v. RBI has issued Master Direction vide circular DOR.MRG.REC.No.203/00-00-11/2025-26 dated November 28,2025 on investments. Under para 141 of the directions the concurrent audit reports should contain specific observations on the compliance with the instructions.

6.5.3. Deposits

i. Check the transactions about deposits received and repaid.
ii. Percentage check of interest paid on deposits may be made, including calculation of interest on large deposits
iii. Check new accounts opened. Operations in new Current/SB accounts may be verified in the initial period itself to see whether there are any unusual operations. Also examine whether the formalities connected with the opening of new accounts have been followed as per RBI instructions.

6.5.4. Advances

i. Ensure that loans and advances have been sanctioned properly (i.e. after due scrutiny and at the appropriate level).
ii. Verify whether the sanctions are in accordance with delegated authority.
iii. Ensure that securities and documents have been received and properly charged/registered.
iv. Ensure that post disbursement, supervision and follow-up is proper, such as receipt of stock statement, instalments, renewal of limits, etc.

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v. Verify whether there is any misutilisation of the loans and advances and whether there are instances indicative of diversion of funds.

vi. Verify whether the classification of advances has been done as per RBI guidelines.

vii. Verify that instances of exceeding delegated powers have been promptly reported to Controlling/Head Office/Board by the branch and have been got confirmed or ratified at the required level

6.5.5. Housekeeping

i. Ensure that the maintenance and balancing of accounts, Ledgers and registers including clean cash and general ledger is proper.

ii. Ensure prompt reconciliation of entries outstanding in the inter-branch and inter-bank accounts, Suspense Accounts, Sundry Deposits Account, Drafts Accounts, etc. Ensure early adjustment of large value entries.

iii. Carryout a percentage check of calculations of interest, discount, commission and exchange.

iv. Check whether debits in income account have been permitted by the competent authorities.

v. Check the transactions of staff accounts.

vi. In case of difference in clearing, there is a tendency to book it in an intermediary suspense account instead of locating the difference. Examine the day book to verify as to how the differences in clearing have been adjusted. Such instances should be reported to Head Office/Board of Directors in case the difference persists.

vii. Detection and prevention of revenue leakages through close examination of income and expenditure accounts/transactions.

viii. Check cheques returned register and look into reasons for return of those instruments.

Checking of inward and outward remittances (DDs. RTGS/NEFT).

6.5.6. Other items

i. Ensure that the branch gives proper compliance to the internal inspection/audit reports.

ii. Ensure that customer complaints are dealt with promptly.

iii. Verification of statements, HO returns, statutory returns.

iv. In certain areas, such as investment portfolio, fraud prone/sensitive areas, advances having outstanding balances of more than Rs. 5 lakhs, if any unusual feature is observed, the concurrent auditors may conduct cent percent check.

v. In the case of areas such as income and expenditure items, inter-bank and inter-branch accounting, interest paid and interest received, clearing transactions, and deposit accounts, the check can be restricted to 10 to 25 per cent of the number of transactions.

vi. Concurrent auditors may concentrate on high value transactions having financial implication for the bank rather than those involving lesser amount, although number-wise they may be large.

vii. If any adverse remark is required to be given, the concurrent auditors should give reasons therefore.

viii. Concurrent auditors may themselves identify problem areas at branch level/bank and offer their suggestions to overcome them.

6.6.Reporting System

i. The concurrent auditors may report the minor irregularities, wrong calculations etc. to the Branch Manager for an on-the-spot rectification and reporting compliance.

ii. If these irregularities are not rectified within a reasonable period of time say a week, these may be reported to the head office. If the auditors observe any serious irregularities, these should be straight away reported to Head Office immediately. The auditor will have to lay emphasis on the propriety aspect of the audit. Banks may institute an appropriate system of follow-up of the reports of the concurrent auditors. There must be a system of annual review of the working of concurrent audit.

6.7.Appointment and Remuneration of Auditor

The bank is appointing external auditors (Charted Accountant firm) for the purpose, the terms of their appointment and remuneration to be paid is fixed by the banks within the broad guidelines approved by the Board and the audit firms will be responsible for any omissions or commissions in respect of transactions seen by them. In case any serious act of omission or commission is noticed in the working of the concurrent auditors (external), the bank may consider terminating their appointment and a report may be made to the Institute of Chartered Accountants of India for such action as they deem fit under intimation to RBI/RCS.

7. . Audit for Electronic Data Processing System (EDP Audit):

Electronic data processing (EDP) can refer to the use of automated methods to process commercial data. Typically, this uses relatively simple, repetitive activities to process large volumes of similar information. Once an Electronic Data Processing system is created and implemented, over a time period it reduced the costs of managing data by a significant margin. Reduced labour, duplication of efforts and repeated entries due to mistakes in manual data entry are reduced or eliminated by EDP.

As the bank is fully computerized it should introduce EDP audit system. The overall control and supervision of these EDP Audit should be vested in the Audit Committee of the Board. The bank engages the services of an external auditor who is Certified Information Systems Auditor (CISA) which refers to a designation issued by the Information Systems Audit and Control Association (ISACA). This designation is the global standard for professionals who have a career in information systems, in particular, auditing, control, and security

Bank will follow and comply with following guidelines while carrying out EDP Audit.

Duties of system programmer/designer should not be assigned to persons operating the system. System person would only make modifications /improvements to programs and the operating persons would only use such programs without having the right to make any modifications.

7.1. In order to bring about uniformity of software used by various branches/offices there should be a formal method of incorporating change in standard software and it should be approved by senior management. Auditor should verify such changes from the view-point of control and for its implementation in other branches in order to maintain uniformity.

7.2. Major factors which lead to security violations in computers include inadequate or incomplete system design, programming errors, weak or inadequate logical access controls, absent or poorly designed procedural controls, ineffective employee supervision and management controls. These may be plugged by

i. strengthening physical, logical and procedural access to system;
ii. introducing standards for quality assurance and periodically testing and checking them; and
iii. Screening employees prior to induction into EDP application areas and keeping a watch on their behavioral pattern.
iv. Putting in place appropriate control measures to protect the computer system from attacks of unscrupulous elements.
v. Replacement of manual procedures by computer applications should be done after a parallel run of the system and ensuring that all aspects of security, reliability and accessibility of data.
vi. In order to ensure that the EDP applications have resulted in a consistent and reliable system for inputting of data, processing and generation of output, various tests to identify erroneous processing, to assess the quality of data, to identify inconsistent data and to compare data with physical forms should be introduced.
vii. Contingency plans/procedures in case of failure of system should be introduced/ tested at periodic intervals. EDP auditor should put such contingency plan under test during the audit for evaluating the effectiveness of such plans.
viii. While engaging outside computer agencies, banks should ensure to incorporate the "clause of visitorial rights" in the contract, so as to have the right to inspect the process of application and also ensure the security of the data/inputs given to such outside agencies.

8. Information System (IS) Audit

In an Information Systems (IS) environment, an audit is an examination of information systems, their inputs, outputs, and processing. The primary functions of an IS audit are to evaluate the systems that are in place to guard an organization's information.

Bank has adopted technology and has been offering electronic banking, electronic clearing/funds transfer, electronic money, etc to its customers. In view of the above and having regard to risks emanating from adoption of technology, there is a need to introduce IS Audit in the bank. The Bank has decided to protect its data, upgradation of fire walls, change of pass word periodically, back up of data and conduct of DR drills as per the IS policy of the bank duly approved by the bank

i. Bank will adopt appropriate systems and practices for conducting IS audit on annual basis covering all the critically important branches (in terms of nature and volume of business).
ii. Such audits should be undertaken preferably prior to the statutory audit so that IS audit reports are available to the statutory auditors well in time for examination and for incorporating comments, if any, in the audit reports.
iii. IS audit reports is required to be placed before the board and compliance to be submitted within the time frame as outlined in the audit policy of the bank.

9. Statutory Audit

Statutory audit of banks can be defined as an audit to ensure that the financial statements and books of account presented to the regulators and the members are fair and accurate. It is an audit that is prescribed by a statute and it is mandatory. At the end of every financial year, a rigorous statutory audit is conducted in every branch of a bank.

For Urban Co-operative Banks, the Statutory Audit is conducted as necessitated in terms of Section 63 of KCS Act, 1959. The main gist of the Section 63 of KCS Act, 1959 regarding statutory audit are as under.

i. The Director of Co-operative Audit shall audit or cause to be audited by a person authorized by him by general or special order in writing in this behalf, the accounts of every co-operative society at least once in each year
ii. The audit shall include an examination of overdue debts, if any, the verification of the cash balance and securities, a valuation of the assets and liabilities, and an examination of the working and the other prescribed particulars of the society.
iii. The Auditor shall at all times have access to all the books, accounts, documents, papers, securities, cash and other properties belonging to, or in the custody of, the society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, papers, securities, cash or other properties, to produce the same at any public office at the headquarters of the society or any branch thereof.
iv. An officer or employee of the bank and shall furnish such information in regard to the transactions and working of the bank as the Auditor may require.

   The bank shall for each co-operative year, prepare and furnish within two months from the end of that year, to the Registrar and the Director of Co-operative Audit, a statement showing the receipts and disbursements, profit and loss and the balance sheet for the year and such other statements and returns as the Registrar or the Director of Co-operative Audit may direct.
v. However, in pursuance of the Banking Regulation (Amendment) Act, 2020 NO. 39 of 2020 published in the Gazette of India on 29 September, 2020, Section 30 of BR Act, 1949 is now applicable to Urban Co-operative Banks with effect from 29 June, 2020 and accordingly, the provisions of KCS Act, 1959 will not be applicable regarding

appointment of SAs as the same has been superseded by amendments to BR Act (A detailed policy for appointment of Statutory Auditor has been framed separately by the bank. Besides what has been stated in sub-section 30 (1) and Section 30(1A) of Section 30 of BR Act, 1949, the Section 30(3) of BR Act states that the auditor is required to state in his report that

a. whether or not the information and explanation required by him have been found to be satisfactory;
b. whether or not the transactions of the bank which have come to his notice have been within the powers of the bank;
c. whether or not the returns received from branch offices of the bank have been found adequate for the purposes of his audit;
d. whether the profit and loss account shows a true balance of profit or loss for the period covered by such account;
e. any other matter which he considers should be brought to the notice of the shareholders of the bank.

7.1. Areas covered in the Statutory Audit Report

The statutory audit conducted by the auditors appointed by the bank after approval from RBI is different from another inspection/Audit. The statutory audit normally carries out a detailed verification of the following aspects:

i. . Whether the balance sheet has been properly drawn up?
ii. Whether the profit and loss account shows a true balance of profit or loss for the period concerned?
iii. Whether proper books are maintained?
Whether the assets shown in the balance sheet physically exist and their condition is satisfactory?
iv. Whether documents obtained are complete and enforceable?
v. Whether the bank is having proper internal control system?
vi. Whether the banks' transactions are within its powers as stipulated in the bye-laws, Act and Rules?
vii. Whether the bank is complying with the instructions of the regulators such as RBI and RCS/CRCS.
viii. The Auditor shall submit the signed report to the bank and the same will be put up in the General Body of the bank for approval and appropriation of accounts

10. Risk Based Internal Audit (RBIA)

In pursuance of RBI circular No.DoS.CO.PPG./SEC.05/11.01.005/2020-21 dated February 03, 2021, the bank has to be subjected to RBIA every year as per the guidelines mentioned in RBI circular and policy framed by the bank in this regard. This is mandatory for the banks having asset size of more than Rs.500.00 crore .(Not applicable)

11. Inspection by Reserve Bank of India under Section 35 of Banking Regulation Act, 1949 (As Applicable to Cooperative Societies)

RBI conducts Statutory Inspection under Section 35 of BR Act, 1949 (AACS) every year or once in two years as the case may be depending upon the financial health of the bank. The main objective of the inspection by RBI is to ensure that

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i. Bank follow the prescribed prudential norms in their working, align themselves judiciously to meet the risks emanating from the business and are in a position to meet the obligations of the depositors and do not function in a manner detrimental to the interests of the depositors or the overall financial system.

ii. To ensure if any activity which could tantamount to being undesirable or highly speculative in nature, or any undesirable feature which may have the effect of circumventing of any of the directions / prudential norms and / or may lead to systemic aberrations, should be separately brought out in the report.

iii. The RBI inspection is conducted on CAMELS rating model according to the six factors represented by its acronym. The **CAMELS** acronym stands for "Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity. Besides, risk assessment is also carried out by RBI. Presently the inspection more focused on the basis various risk related to functioning of the bank.

iv. The compliance of the observations made in the inspection report, duly approved by the Board, has to be submitted to RBI within stipulated time.