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KNOWLEDGE SERIES · BANK BRANCH AUDIT · #2

## Quick Mortality Accounts — LFAR Reporting

Identifying, computing and reporting Quick Mortality accounts under LFAR — Advances section



### What is a Quick Mortality Account?

Definition · LFAR context · Why it matters

- > Any loan that slips into NPA within **12 months** of sanction date
- > Indicates pre-sanction appraisal was inadequate or funds were diverted from day one
- > Under **LFAR — Advances**, auditor must list *all* such accounts individually — not just count
- > Multiple QM accounts by same officer or same period is a systemic red flag
- > Branch management must be asked if root cause analysis was done
- > If nil — explicitly state "*No Quick Mortality accounts observed*"



### Excel Analytical Procedure — Step by Step

Extract from advances data · Compute months · Filter QM accounts

#### STEP 1 — PREPARE THESE COLUMNS

COLUMN	DESCRIPTION
Acct No	Loan account number
Borrower Name	Name of borrower
Limit (₹)	Sanctioned amount
Sanction Date	Date of sanction / disbursement
NPA Date	Date account classified NPA
=Months to NPA	Calculated — DATEDIF formula

#### STEP 2 — APPLY FORMULA

##### COLUMN F — MONTHS TO NPA

**=DATEDIF(D2, E2, "M")**

D2 = Sanction Date · E2 = NPA Date · "M" = complete months

#### STEP 3 — FILTER & EXTRACT

- > Filter *Months to NPA* column — select values < **12**
- > Filtered list = all Quick Mortality accounts at the branch
- > Paste filtered data directly into LFAR Advances section



### LFAR Reporting — What to Fill

Full account-wise list required — not just count or aggregate

**LFAR — Advances:** List all accounts that became NPA within 12 months of sanction — account-wise with Account No, Borrower Name, Sanctioned Limit, Sanction Date, NPA Date and Months to NPA. Add total count and aggregate amount as a summary. Comment on root cause and recovery action initiated by branch.



### Red Flags to Report Separately

Escalate if any of these patterns are observed at the branch

- > Multiple QM accounts sanctioned by same officer in short period
- > QM accounts where end-use was never verified by branch
- > High-value QM accounts with inadequate security
- > NPA declared much later than actual date of default
- > Cluster of QM accounts in specific product or industry segment
- > No internal enquiry or management response on record