

ELIGIBILITY CRITERIA FOR EMPANELMENT OF CHARTERED ACCOUNTANTS FIRM FOR CONCURRENT AUDIT

Concurrent Audit aims at shortening the interval between a transaction and its independent examination. It is, therefore, integral to the establishment of sound internal accounting functions and effective controls and is regarded as part of bank's early warning system to ensure timely detection of serious errors and irregularities, which also helps in averting fraudulent transactions and strengthening preventive vigilance in banks.

I. The CA firms must meet the following eligibility requirements:

- Professional Standing: More than 5 years
 - Partnership Firms and LLP Only
 - Of which FCA/s at least: 3
 - DISA or CISA (Desirable)
 - Experience as Concurrent Auditor (CCA)s or Statutory Auditors in minimum 3 Public Sector Banks
 - Experience of the Firm only as Statutory and Concurrent Auditor (CCA)s is to be taken and not that of individual partner shall be counted
1. The firm should be having Chartered Accountant(s) as partner(s). Besides Chartered Accountants, the firm should have other qualified and experienced staff, infrastructure and office within an approachable distance from the location of the auditee branch/office to undertake concurrent audit.
 2. The firm will solely liable for concurrent audit of all branches allotted. The firm should designate one contact person who will be contacted by bank in case of any issue related to concurrent audit in any branch.
 3. It is solely responsibility/liability of firm to deploy Chartered Accountant/Article/experienced person to allotted branches within timeline and ensure daily monitoring.
 4. Bills/Payment/Remuneration of all branches of a RBO should be consolidated by firm and submit to concern RBO.
 5. Though the Chartered Accountant can be assigned more than one branch depending on the size of the branch in terms of volume of work but in any case maximum 100 branches can be allotted. **In present scenario and requirement, we need and prefer large scale firms (with at least 5 FCAs and 3 CAs with CISA/DISA certification) which can be assigned at least 60 branches but in any case maximum 100 branches can be allotted.**



6. The firm or its partners have not been the subject of inquiries in the past by the Institute of Chartered accountants of India as per the provisions of Section 21 of the Chartered Accountants Act, 1949, and no such inquiry is pending, initiated, or, contemplated by the Institute as on the date of application as well as date of acceptance of assignment
7. Any serious acts of omissions or commissions are noticed in the working of Concurrent Auditors (CCA), their appointments shall be cancelled and the fact shall be reported to NABARD and ICAI.
8. Where there are group of firms of Chartered Accountants having common partners, only one of the firms in the group will be eligible for assignment of concurrent audit.
9. The firm which conducts Central Audit shall not be considered for appointment as Concurrent Auditor (CCA) by the bank during that current financial year and the next financial year.
10. The firm which has a partner who is also partner/proprietor of the firm entrusted with the Statutory Audit of the bank or sponsor bank shall not be considered for appointment as Concurrent Auditor (CCA)s in the bank. In other words, sister/associate concerns of the firm carrying Statutory Audit of the bank or sponsor bank shall not be considered for appointment as Concurrent Auditor (CCA)s of the bank.
11. If any of the Directors of the bank is a partner in a firm, such firm shall not be considered for appointment as Concurrent Auditor (CCA).
12. Concurrent Auditors shall not accept any other assignment within our bank viz Stock Audit/Forensic Audit etc.
13. In case the performance of the Concurrent Auditor (CCA) falls short of the expectation of the management or Audit Committee of Board, the bank shall terminate the assignment of the Concurrent Auditor (CCA) at any time.

II. ACCOUNTABILITY

Accountability of External Concurrent Auditors may be examined in accordance with the RBI guidelines, scope laid down by the bank or terms of contract, as the case may be, for failure to comment on the areas such as Occurrence of Fraud, Income Leakage, Frequent recurrence of deficiencies in successive audits, and Any other serious irregularities occurring in the branch or if any serious act of omission or commission by the firm/RBE are observed or Fraud is committed by the Concurrent Auditor himself/by the employee of the firm while on duty as Concurrent Auditor. In such case:



- The services of the CCA will be terminated after giving notice of 30 days.
- Bank reserves the right to report the names of the terminated CA Firms in the lists maintained by IBA/RBI or other statutory or regulatory bodies.

Suitable clauses to be included in the Service Level Agreement (SLA) are enforced as under:

- Levy of financial penalty and/or termination of contract
- Reporting to ACB/RBI/ICAI in cases of:
 - Non-coverage of scope laid down by the bank/RBI
 - Non-adherence of prescribed reporting timelines
 - Non-adherence to the terms of contract and
 - Non-performance of the specified tasks or conflict of interest or doing any other acts which results in loss to bank financially or otherwise.

III. FUNCTIONALITY

1. To have an effective monitoring over functioning of Concurrent Audit System across all the identified units, a Web Based Concurrent Audit System (WBCAS) has been adopted. The units which are WBCAS disable, (such as AMSHs/RLFs, RBOs, Departments, etc.) Concurrent Auditor (CCA) will peruse the system/books of the unit and prepare a manual audit note of his observations, if any deviation is observed by him on an ongoing basis. These observations will have to be responded and complied by the auditee unit.
2. The minor irregularities pointed out by the Concurrent Auditor (CCA)s are to be rectified on the spot but has to be marked in WBCAS too so that the repetitive irregularities can be observed, analysed and minimised. Serious irregularities should be straightaway reported to the controlling office/head office via WBCAS as well as other mode of communication for immediate action.
3. Whenever fraudulent transactions are detected, they should immediately be reported to Inspection & Audit Deptt. (Head Office) as also to Chief Vigilance Officer. As well as Branch Manager concerned (unless the Branch Manager is involved).

IV. OTHER TERMS & CONDITIONS FOR CHARTERED ACCOUNTANT

1. The Chartered Accountant firm would be responsible to examine and comment on all the areas specified by the Bank/ RBI /NABARD/ Sponsor Bank with regard to audit of branches.



2. Concurrent Audit work of a branch would include, inter alia, income leakage, verification audit, comments on internal checks, counter checks, system & procedure, documentation, securities, Physical Verification of assets financed by the Bank on random basis and any other special audit assignment(s).
3. The CA firm would do the audit work themselves and may depute an experienced employee*/article to the branch for the purpose, who should visit the branch twice every week. The partner shall visit the branch at least on 2 working days in a month.
4. The CA firm which have been assigned concurrent Audit of AMSH and Hub-Branch would do the audit work themselves and may depute an experienced employee*/article to the branch for the purpose, who should visit the branch on daily basis (each working day of the month). The partner shall visit the branch at least on 5 working days in a month.
5. The CA firm which have been assigned concurrent Audit of RBO/Department would do the audit work themselves and may depute an experienced employee*/article to the RBO/Department for the purpose, who should visit the RBO on twice every week. The partner shall visit the RBO/Department at least on 2 working days in a month.
6. Franchise of the audit work will not be permitted under any circumstances. Reporting of such events may result in de-empanelment of the Firm and its constituents.
7. The CA firm or any of its employee shall not, without the Bank's written consent, disclose the terms of acceptance or any provision thereof or any specification or information furnished by or on behalf of the Bank in connection therewith, to other person or entity unless legally required to do so.
8. The empanelled CA firms selected for the assignment of Concurrent Audit work for a particular branch would be given an offer letter along with the terms and condition of conducting the Concurrent Audit. On receipt of their acceptance of the Bank's offer they will be given an appointment letter.
9. The Auditors must strictly adhere to the schedule, as may be specified in the letter of offer for performing the assignment including submission of reports.
10. The Bank shall have the right to assign any Concurrent Audit assignment and terminate the arrangement without assigning any reason at its sole discretion.



11. The audit firm appointed as Statutory Auditor for that current financial year, will become ineligible for the Concurrent Audit work.
12. The Bank reserves its right not to accept any or all the Proposals, or to accept or reject a particular Proposal at its sole discretion, without assigning any reasons whatsoever.
13. Any document, other than the offer itself, remain the property of the Bank and all copies thereof shall be returned to the Bank on completion of assignment, if required by the Bank.
14. The Auditor shall not, without the Bank's prior written consent, make use of the Bank's any document or information except for purposes of performing the assignment.
15. Where there are common partner/s in more than one firm, only one of the firms would be considered for empanelment.
16. For a single unit, in any circumstances except natural calamity, a deputed staff can not be changed for more than three times in a financial year and the concerned CA Firm will inform the controlling authority prior to change the staff or immediately at the time of first visit of the newly deputed.

* An experienced employee elaborates candidate must be a B.Com. degree holder with an experience of minimum one year concerning concurrent audit in any nationalized bank/RRB **or** candidate must be a graduate with an experience of minimum three years concerning concurrent audit in any nationalized bank/RRB. CA firm will issue a dully authorized certificate identifying the deputed candidate with his/her affixed coloured passport size photograph (authorized with stamp of the firm and signature of the authorised official). At first visit of the branch/unit, that candidate will submit the photocopy of that certificate with photocopies of his/her educational eligibility documents, experience certificates and KYC documents to the concerned Branch Manager (required the presentment of original documents). Selected article/employee, direct or indirect, should neither be a permanent or temporary employee of any private/public sector bank nor should be salaried/benefited/incentive based correspondent from any private or public sector bank.

Note: Article means “CA Articleship member” certified by ICAI.

V. PERFORMANCE REVIEW

The performance of the empaneled Concurrent Audit Firms would be reviewed on Annual basis mainly with the following yardsticks:

1. Quality of Audit Reports.



2. Timely completion of audit assignment and submission of report.
3. Effort taken for on the spot rectification of irregularities.
4. Making the staff aware about the implication of the deficiencies /irregularities pointed out.
5. Detection of the income leakage.
6. Level of compliance of Various Statutory /legal / Bank's laid down system and procedure at the Branch.
7. Any other parameter which the Bank may decide/ determine from time to time.

The “Reviewing Authority” for writing of Annual Performance Review of the empanelled Concurrent Audit Firms will be as under:

Sr. No.	CA Firms posted as CCA at	Reviewing Authority
I	Branches/AMSH / offices within a Region.	Regional Manager of the Region.
II	Head Office, Departments	Chief Manager (Inspection & Audit)

VI. PERIOD OF ENGAGEMENT AND REVIEW

Assignment as a concurrent auditor (CCA) will be for a period of three years, subject to annual review and renewal of arrangement. However, the engagement may be terminated at any time by giving 30 days’ prior notice on non-performance

VII. DE-EMPANELMENT

The Banks reserves the right of de-empanelment of firm of Chartered Accountant at its sole discretion without giving any reason.

VIII. PROCESS OF EMPANELMENT

The interested firm will have to submit request for empanelment on the enclosed application form. The Proposals will be opened and short listed on the basis of eligibility criteria as mentioned in this document. These firms would further be evaluated on the basis of other criteria as may be determined by the Bank.

IX. DOCUMENT TO BE SUBMITTED WITH THE APPLICATION

The CA Firm shall submit the following documents along with the application:

1. Hard copy of application.
2. Acceptance of the terms and conditions as contained in this document.
3. Copies of letters of empanelment by any other Bank.



4. Copies of Certificate of experiences and conduct of Concurrent Audit in relation to similar assignments performed, in other Banks, if any.
5. Copies of Certificate issued by the professional bodies in respect of relevant qualification of professionals as reported in the application.

The sealed envelope must state "APPLICATION FOR EMPANELMENT OF "CONCURRENT AUDITOR"

X. VALIDITY OF PROPOSAL

The Proposal for empanelment shall be valid for a period of 15 days from the closing date for acceptance of the proposal.

XI. FORMAT AND SIGNING OF PROPOSAL

Each Proposal shall be made in the legal name of the participating firm and shall be signed and duly stamped by the person duly authorized to sign on behalf of the participating Firm. An authority letter from the participating firm to this effect is to be submitted along with the proposal.

XII. EVALUATION & COMPARISON OF PROPOSALS

Only proposal from CA Firms meeting the eligibility criteria and submitting complete and responsive information will proceed to the stage of being evaluated and considered.

Merely meeting the eligibility criteria would not automatically entitle the firm for empanelment. The firms to be kept on the panel would be at the sole discretion of the Bank.

The Bank reserves its right to reject any or all the offers without assigning any reasons.

The evaluation procedures to be adopted for the empanelment will be the sole discretion of the Bank and the Bank is not liable to disclose either the criteria or the evaluation report/ reasoning to the participating firm (s).

XIII. INFORMATION OF EMPANELMENT

The information of empanelment will be communicated in writing at the address supplied by the CA firm in the proposal or the last known address. Any change of address of the participating Firm, should therefore be promptly notified to the General Manager (Inspection & Audit) Rajasthan Gramin Bank, Head Office.

XIV. CONFIDENTIALITY AGREEMENT /UNDERTAKING



As the successful Firm (s) will have access to the data of the Bank while conducting Concurrent Audit of the various branches, Bank will require the Firm(s) to sign a confidentiality agreement/ undertaking for not disclosing or part with any information relating to the Bank and its data to any persons, as may come into possession of the firm(s) during course of the audit.

Further, “The provisions of Digital Personal Data Protection Act, 2023 should strictly be adhered by the Concurrent Auditor.”

XV. TENDERING OF ACCEPTANCE

The successful Firm(s) shall be required to give an acceptance to the Bank containing the terms and conditions as may be determined by the Bank to be necessary for the due performance of the work on receipt of offer for conducting concurrent audit(s) of a branch(es) within a maximum period of fifteen (15) days from the date of receipt of offer letter.

XVI. INDEMNIFICATION

The auditors shall, at their own expense, defend and indemnify the Bank against any claims due to loss of data/damage to arising as a consequence of their conducting audit of the branch/office.

Further, “The provisions of Digital Personal Data Protection Act, 2023 should strictly be adhered to by the Concurrent Auditor. If any penalty is imposed by any authority for breaching the provisions of the Act due to default committed by the CCA Firm then the CCA Firm will indemnify the Bank from all such penalty, losses etc.”

XVII. DELAYS IN THE AUDITOR'S PERFORMANCE

The auditors must strictly adhere to the implementation schedule, as specified in the letter of undertaking for submission of reports failing which the Bank may resort to application of penalty or even termination of the assignment and empanelment.

XVIII. REMUNERATION

The remuneration will be as decided by the Bank as per Concurrent Audit Policy of the Bank.

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| (a) | For branches having Business upto Rs. 50.00 Crores | - Rs. 10,000/- + GST |
| (b) | For branches having Business above Rs. 50.00 Crores | - Rs. 12,000/ + GST |
| (c) | For AMSH+ HUB Branch | - Rs. 30000/- + GST |
| (d) | For RBO | - Rs. 10,000/- +GST |

Subject to review by the Board (as and when required).



XIX. PAYMENT TERMS

The Audit fee shall be paid to the Concurrent Audit Firm on submission of the relevant audit reports and the relevant Bill along with supported documents. This payment will be subject to deduction of prevailing / applicable T.D.S.

XX. DISCIPLINARY ACTION FOR PROFESSIONAL MISCONDUCT

The Audit firm shall be subject to Disciplinary Rules as enumerated in Section (21) of the Chartered Accountants Act. 1949.

