

Central Audit & Inspection Department
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Empanelment of Concurrent Auditors

1. Invitation for empanelment

- 1.1. Union Bank of India conducts process for Empanelment of Concurrent Auditors, once in a year. This document is published as part of process for Empanelment of Concurrent Auditors for the FY 2019-20.
- 1.2. Union Bank of India invites applications in the prescribed format from practicing firms of Chartered Accountants of India who are willing to have their firm empanelled as Concurrent Auditor in the Bank. The applications should be submitted ONLINE.
- 1.3. Empanelment would be valid up to 31st March 2020 or next empanelment process, whichever is earlier. The Bank may allot the Concurrent Audit assignment during empanelment period as and when there is a requirement.
- 1.4. **APPLICATION FORMS NEED NOT BE PRINTED AND SENT TO THE BANK. OLD SYSTEM OF FORWARDING PRINTED APPLICATION ALONGWITH CERTIFICATES AT THE TIME OF ONLINE SUBMISSION TO BANK HAS BEEN DISPENSED WITH. HOWEVER, IT IS MANDATORY FOR APPLICANT TO SUBMIT DULY SIGNED APPLICATION FORM AND OTHER REVELVANT DOCUMENTS AS AND WHEN ADVISED BY THE BANK.**
- 1.5. Last date for filing of Online Application 21.02.2019, before 5.00 PM.
- 1.6. Mere submission of application does not, in any way, constitute any right for allotment of any audit job from the Bank. After empanelment, the work will be allotted as and when need arises at the sole discretion of the Bank.

2. Eligibility Criteria

Sl No.	Criteria
1	Firm should be a partnership firm of Chartered Accountants.
2	Firm should be Registered with ICAI having Registration number
3	Firm should be Registered with RBI having Unique Code Number
4	The Firm should have as partner/s Chartered Accountant/s who have undergone the "Certificate Course on Concurrent Audit of Banks" conducted by ICAI.

5	The firms should have as partner/s qualified Information System Auditor (CISA/DISA) with necessary exposure to systems Audit.
6	Preference will be given to firms where the partners themselves are ex-Bankers or the firm has got tie-up with ex-Bankers or has ex-Bankers as its employee, with requisite experience and exposure.
7	The firm should have necessary office set-up and adequate personnel to ensure proper deployment and timely completion of assignments.

3. The following type of Audit firms are not eligible to participate in empanelment process:

- i) If Firm / any partner has been disqualified / de-empanelled or whose appointment has been terminated by RBI/ ICAI/ Bank / any other Bank on an earlier occasion.
- ii) The Audit firm or its associate concerns should not be conducting Statutory / Concurrent Audit of the Bank or any of its Branches.
- iii) Associate concerns of Audit firms who have been assigned Statutory Audit work (conducted Statutory Audit of Union Bank of India Branches for the year 2019-20) defined as under by RBI: "Associate concerns means any corporate body or partnership firm wherein the proprietor and/or partner(s) of the Statutory Audit firm and/or their relative(s) is/are Directors or partners and/or jointly or severally hold 20% or more of the interest in the corporate body or partnership. "Relative" for this purpose will mean the spouse or any lineal ascendant or descendant of the proprietor or partner of the Statutory Audit firm."

4. Evaluation of CA firm for allotment of Concurrent Audit

4.1. The CA firm will be evaluated based on the following parameters

- i) Eligibility criteria as mentioned above.
- ii) Preference will be given to Audit firm having office in the same centre as that of Auditee Branch.
- iii) Experience of Concurrent Audit with Union Bank of India and/or Other Public Sector Bank.
- iv) Weightage will be given to firms where the partners themselves are ex-Bankers or the firms has got tie-up with ex-Bankers with requisite experience and exposure.
- v) Efforts will be made to allot the branches to the CA firms based on minimum category suggested by RBI and Internal Concurrent Audit Policy of Bank. However, in case CA firm of requisite category is not available in particular location, then Bank will select suitable CA firm either from lower or higher category.

Regarding appointment of Concurrent Auditors from RBI panel as per gradation based on Advances position of Branch, it is proposed to allot Branches to Concurrent Auditors (subject to approval by the Board) as under.

Sr. No.	Grade of Auditor	Branches to be allotted for concurrent audit.	Suggested level of advances of the Branch
i.	I	Industrial Finance Branch, Premium Branch, Overseas Branch, Exceptionally Large Branches, Exceptionally Large (Lite) Branches Treasury, Management Audit of CA&ID, Audit for Out Sourcing activity, ATM Division, Data Centre process Audit, etc.	Rs. 100.00 Crores and above
ii.	II	VLBs, VLB Lite MCBs, etc.	Rs. 50.00 Crores to Rs. 100.00 Crores
iii.	III	Large Branches, Service Branches, CO Departments, CMS etc.	Rs. 25.00 Crores to Rs. 50.00 Crores
iv.	IV	Medium and Small Branches, Any other Branch not covered above.	Rs. 5.00 Crores to Rs. 25.00 Crores.
v.	IV	All SARALS, ULPs, USK	Irrespective of level of advances

4.2. Merely meeting the eligibility criteria shall not automatically entitle the CA firm for empanelment. After empanelment, the work will be allotted as and when need arises at the sole discretion of the Bank. The empanelment will not give any right to the empanelled firms for carrying out the assignments. The Bank reserves its right to cancel any or all the offers without assigning any reason whatsoever.

5. Documents to be submitted alongwith the application as and when requested by Bank.

5.1. CA firms shall scan and upload following documents, only after receiving intimation from the Bank. All enclosures must be attested as true copy under seal by the partners.

- i) Duly filled and signed application downloaded from website by entering the required information.
- ii) Copies of certificate of experience / appointment letters of Concurrent Audit etc., in relation to similar assignment performed elsewhere, if any.
- iii) Copies of Registration Certificate issued to the firm by ICAI.
- iv) Copy of Certificate issued by ICAI of having completed "Course on Concurrent Audit of Banks" conducted by ICAI.
- v) Copy of certificate of CISA / DISA
- vi) Copy of letter from RBI on allotting Unique Code No.

vii) Due Diligence of staff/employees.

5.2. **The allotment is subject to verification of correctness of the documents. The Bank reserves the right to cancel/terminate the allotment at any point of time if the information/documents submitted is found to be incorrect.**

6. Terms and Conditions

- 6.1. At any one point of time, not more than one audit assignment shall be awarded to any single firm. An audit assignment that needs to be carried out across branches/units at different locations shall be considered as a single assignment for this purpose. Hence the existing Concurrent Auditors who have not completed three years tenure as Concurrent Auditor at the present branch/office are not eligible to apply. CA firms may apply during cooling period. However their application shall be considered only after completion of cooling period of one year.
- 6.2. Concurrent Auditors shall not undertake any other activities on behalf of the branch without obtaining concurrence of Central Audit and Inspection Department in writing.
- 6.3. The firm shall execute undertaking of fidelity and secrecy on its letterhead in the format prescribed by Bank.
- 6.4. In order to avoid conflict of interest, an undertaking shall be obtained from the Concurrent Auditors that they do not have any professional or commercial relationship with the borrowers of the Branch/Department which they are auditing.
- 6.5. The Concurrent Auditor shall sign the Do's & Don'ts statement in order to have proper arms length relationship with the Branch / Department of which they are conducting Audit.
- 6.6. A declaration shall be furnished by the firm that credit facilities availed by the firm or partners or firms in which they are partners or directors including any facility availed by a third party for which the firm or its partners are guarantors have not turned or are existing as non-performing assets as per prudential norms of RBI. In case the declaration is found incorrect, the assignment shall get terminated besides the firm being liable for any action under ICAI / RBI guidelines.
- 6.7. All necessary certificates including quarterly, half-yearly, annual closing of Book of Accounts that need to be given by audit firm as a part of Concurrent Audit assignment shall be given under its letterhead without any additional certification fee.

- 6.8. A detailed checklist and other latest operating guidelines, view ID, required Menus for verification of details shall be provided to the Concurrent Auditors.
- 6.9. Appointment of Concurrent Audit shall be purely at discretion of the Bank and no rights whatsoever accrue to the firm for such appointment.
- 6.10. Audit firms shall submit monthly/quarterly/half-yearly reports in structured formats within stipulated period i.e. within 10 days of the completion of month /quarter /half-year. Any persistent delay shall be viewed negatively at the time of review of the CA firm.
- 6.11. Bank shall monitor the performance of audit firms closely. Performance of the Firms shall be evaluated monthly for their quality and coverage of reporting. In case, CA firm is not attending audit work properly, continuous delay in submission of reports, non-reporting of serious irregularities/deviations, non-detection of fraud, non-detection of Leakage of income in branches where they are conducting Concurrent Audit, Bank reserves the right to terminate the assignment, without assigning any reason by giving 7 days notice. In case of termination of assignment, the remuneration for the incomplete month shall not be payable by the Bank.
- 6.12. Similarly, the CA firm may terminate the Agreement of Concurrent Audit assignment with 15 days prior notice. In such case too, the remuneration for the incomplete month shall not be paid by the Bank. However, as far as possible, the CA firm shall complete the Audit for the month including submission of Report for the month, before effecting its termination.
- 6.13. Concurrent Auditors shall not be permitted to mobilize any credit related proposals for any of the Branches of the Bank during the tenure of their assignment.
- 6.14. The CA firm shall not sub-contract the audit work assigned to them to any outside firm even if they are qualified chartered accountants.

7. Tenure of Concurrent Auditors

- 7.1. As per the extant Concurrent Audit Policy, appointment of Concurrent Auditors will be made initially for a period of one year. The term may be extended, solely at the discretion of the Bank, for a further period of two (1+1) years on receiving satisfactory feedback from Auditee Branch and respective Zonal Audit office about their overall performance. A cooling period of 1 year shall be given after completion of three years of audit.
- 7.2. Bank conducts review/renewal process of Concurrent Audit assignment and appointment of new Concurrent Auditors as of March and September every year. However if an auditor is assigned with the Concurrent Audit in

between as per the exigencies of Bank the initial tenure shall be only for the remaining period either up to March or September as the case may be. For example if the assignment is made during the month of May, it shall be reviewed for second year by next year March. Likewise if the assignment is made during November it shall be renewed for second year by next year September itself and for a further period of two (1+1) years as of March and September based on the performance feedback received from Auditee Branch and respective Zonal Audit office.

- 7.3. After completion of specific period (including the cooling period), the firm may be considered for audit assignment in same or other location or areas, as per extant Policy of the Bank.
- 7.4. If the Branch under Concurrent Audit is closed or removed from Concurrent Audit due to official exigencies and for any other reasons whatsoever, the tenure of the Concurrent Auditor of that Branch will stand terminated automatically. In such cases Bank will not be liable to give alternate Branch for audit to the CA firm whose Concurrent Audit assignment is so terminated.
- 7.5. On change of identity / change of firm name, during the currency of audit term, due to merger / amalgamation / reconstitution / any other reason, the Bank reserves its right to allow the new firm to continue with the Concurrent Audit assigned to the old firm provided the new firm fulfils all the eligibility criteria given in our tender document.

8. Payment and Fees:

- 8.1. No out of pocket expenses or travelling allowance/halting allowance shall be paid to the Concurrent Audit firms for carrying out the assignment. However GST shall be paid as applicable from time to time in addition to basic fees.
- 8.2. The Concurrent Auditors shall be reimbursed actual out of pocket expenses incurred in connection with travel involved for conducting Inspections.
- 8.3. Payment to Concurrent Auditors shall be subject to deduction of tax at source at applicable rates.
- 8.4. All necessary certificates that need to be given as part of Concurrent Audit assignment shall be given by the audit firm without any additional certification fee.
- 8.5. Fees payable to Concurrent Auditors is based on the level of advances as of previous quarter ending in case of branches. Advances position as of December and June quarter ending shall be taken into account for fixation of fees while assigning the Concurrent Audit assignment during or after

March and September respectively. However, in case of specialized units it is consolidated fee payable as mentioned below. GST will be paid extra.

Level of Advances	Fee structure for Concurrent Audit *
Above Rs.22500 Crores	Rs.50,000/-
Above Rs.7500 crores and up to Rs. 22500 Crores	Rs.42,500/-
Above Rs.500 crores to 7500 Crores	Rs.35,000/-
Above Rs. 100 crores up to Rs.500 crores	Rs.30,000/-
Upto Rs.100 crores	Rs.25,000/-
Specialised/other units	-
Treasury	Rs. 40,000/-
Data Centre Process Audit	Rs. 30,000/-
ATM Division	Rs. 30,000/-
Service Branches	Rs. 20,000/-
CMS Division	Rs. 10,000/-
Vostro Branch	Rs. 10,000/-
Centralised processing Units such as SARALs, ULPs, USKs, NPC etc	Rs. 10,000/-
Various Departments in Central Office like CCD, SSD, TBD etc.	Rs. 10,000/-

*subject to approval by Board

8.6. The Concurrent Audit fees once fixed shall remain the same till next renewal of the Concurrent Audit assignment irrespective of the level of Advances thereafter. The only exception may be in case of transfer/shifting of entire advances of another branch to the auditee branch. Bank decision will be final in this regard.

9. Conduct and Performance Monitoring

- 9.1. Each Branch / Audit Unit shall identify Nodal Officer as a single point contact for coordinating the Concurrent Audit work.
- 9.2. Bank shall provide the Concurrent Auditor with requisite initial information of the branch activities and further support to conduct audit.
- 9.3. Minor irregularities pointed out by Concurrent Auditors are to be rectified on the spot. The Branch should ensure rectification of deficiencies without any loss of time so as to achieve the very purpose of Concurrent Audit.
- 9.4. Pending issues of previous reports shall be mentioned as persisting irregularities / deficiencies in the subsequent reports.
- 9.5. A formal wrap up discussion with the Branch / Units shall be arranged before submission of report by the Concurrent Auditor. In case of any

difficulty in interpretation of existing guidelines of the Bank by the Branch/Concurrent Auditor, the same shall be referred to the Controlling Office/Concerned Zonal Audit Office before finalization of the report.

- 9.6. Quality of compliance with the Concurrent Audit reports shall be covered and commented upon by Internal Auditors.
- 9.7. Zonal Audit Office shall ensure that deficiencies pointed out in the Concurrent Audit reports are rectified and the Audit Reports are closed within one month of submission. Regional Offices shall be responsible for follow up with Branches to ensure compliance.
- 9.8. Zonal Audit Office shall interact with Concurrent Auditors at least once in a quarter.
- 9.9. The Bank reserves its right to review the appointment at any point of time and if necessary, can cancel the appointment.
- 9.10. In case the firm fails to report serious irregularities / high value income leakage, Bank reserves right to report the matter to RBI / ICAI / IBA and initiate appropriate action. Such firms will be de-empanelled/black listed and they will not be eligible for assignment of audit work with Bank for next five years. Concurrent Audit has very important role in identifying System lapses, irregularities of every type, income leakage, ensuring compliance of terms of sanction for advances, detecting frauds, pointing out symptoms of sickness in time, etc.
- 9.11. Quality of Concurrent Audit is reflected in reducing number of irregularities, absence of persisting irregularities as RBI envisages that Auditor should also educate staff about hazards of deviation from Systems and Procedures.
- 9.12. If Concurrent Audit is effective, it should also result in up gradation of the Branch in annual inspection and / or maintaining higher-level ratings obtained (Low - medium risk under RBIA)
- 9.13. If the RBIA rating of the Branch is downgraded, the performance of the Concurrent Auditor shall be critically examined and reviewed for deciding continuance of service or otherwise.
- 9.14. If the Concurrent Auditor fails to detect and report irregularities/deviations from laid down policies/norms, his services are liable to be terminated.
- 9.15. If the Concurrent Auditor fails to attend the Branch on day-to-day basis or the attendance of the Partner of the firm is found to be poor, his services are liable to be terminated.

*******END OF DOCUMENT*******

PERFORMANCE REVIEW AND RATING OF CONCURRENT AUDITORS

FEEDBACK REPORT FOR THE PERIOD ENDED _____

1. Name of C. A. firm : M/s
2. Address of C.A. Firm :
3. Details of Branch Audited Branch Name :
R. O. :
Category : ELB/VLB/LB
etc.
4. The C. A. firm is auditing the Br. Since :

PERFORMANCE REVIEW (PARAMETERS 1 TO 3 TO BE FILLED UP BY BRANCH HEAD AND 4 & 5 BY In-Charge ZAO)

Sr. No.	Parameter	Norms for Assigning score	Max. Marks	Marks assigned
1.	Attendance		10	
	a. On all working days by Audit Assistant			10
	b. 1-5 days absence in a month by Audit Assistant			5
	c. Absence for more than 5 days by Audit Assistant			0
2.	Visits of partner/Proprietor & attending briefing sessions		05	
	a. Minimum 4 visits in a month by Partner			5
	b. 3 visits in a month by Partner			3
	c. Less than 3 visits by Partner in a month.			0
3.	Timely Submission of Reports -		10	
	a. By 10th day of the succeeding month			10
	b. Between 11th and 15th day of the succeeding month.			5
	c. After 15th day of succeeding month			0

(Branch Manager)

Sr. No.	Parameter	Norms for Assigning score	Maximum Marks	Marks assigned
4.	Adequacy of coverage and quality of report		45	
	a. Quality and Coverage of report		15	
		Excellent		15
		Good		10
		Satisfactory		5
		Unsatisfactory		0

	b. Comments on compliance of KYC/AML norms in new A/cs.		10	
		Excellent		10
		Good		8
		Satisfactory		4
		Unsatisfactory		0
	c. Asset Classification as per IRAC guidelines		10	
		Excellent		10
		Good		8
		Satisfactory		4
		Unsatisfactory		0
	d. Reporting of persisting irregularities regularly		10	
		Excellent		10
		Good		8
		Satisfactory		4
		Unsatisfactory		0
5.	Effectiveness of Concurrent Auditor		30	
	a. Efforts put in by and steps taken by the Concurrent Auditors to get the irregularities rectified and revenue leakage recovered and overall efforts in bringing improvement in Branch functioning.		15	
		Excellent		15
		Good		10
		Satisfactory		5
		Unsatisfactory		0
	b. Whether there was any instance of the Concurrent Auditor not pointing out serious irregularities /revenue leakage/fraud which was subsequently detected during Regular Audit:		15	
		a. Serious irregularities		5*
		b. Revenue leakage		5*
		c. Fraud		5*
	Total		100	

* In case there is any instance of Concurrent Auditors not pointing out any of the above, zero marks may be given. If not, full marks to be given.

In-Charge of ZAO

OVER ALL ASSESSMENT OF PERFORMANCE.

Grade/Rating	Maximum Marks	Marks obtained
A	80 and above	
B	70 - 79	
C	60 - 69	
D	Below 60	

Note:

The contract with audit firm falling in Grade 'D' shall be terminated before completion of the audit term.