

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 2023-24.
- 1.2. Union Bank of India invites applications in the prescribed format from practicing firms of Chartered Accounts who are willing to have their firm empanelled as Concurrent Auditor with Union Bank of India for select Branches/Units. Only one application should be submitted ONLINE. No other mode of application will be entertained.
- 1.3. This empanelment would be valid for one year i.e., up to 31st March 2024 and shall be utilised for allotting the branches/units. However, the Bank reserves the right to allot any other Branch/unit where the firm is having Office and willing to take up the assignment. 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. SELF ATTESTED COPIES ARE TO BE UPLOADED WHILE APPLYING ONLINE SUBJECT TO EACH ATTACHMENT SHOULD BE BELOW 5MB ONLY. HOWEVER, IT IS MANDATORY FOR APPLICANT TO SUBMIT DULY SIGNED APPLICATION FORM AND OTHER RELEVANT DOCUMENTS AS AND WHEN ADVISED BY THE BANK.
- 1.5. Last date for filing of Online Application is 15-02-2023, before 11.59 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.
- 1.7. Please note that application shall not be kept in "SAVED" status while applying. Do make submission of the application. Application in SAVED status will not be considered for empanelment.



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. |
| 8 | Firms with common partners should not submit applications separately. Such Firms should submit application on behalf of only one firm. |
| 9 | Auditing, Reporting and closure of reports is to be mandatorily done through on line Web Based Audit Management Solution (eTHIC Package) and hence Concurrent Auditor and audit assistant should be computer literate. |
| 10 | The Firm should not have any credit relationship with the Bank/branch other than borrowings against their own deposits/jewels. |
| 11 | The firm should not be subject to any of the disqualifications under Section 141 of the Companies Act, 2013 for being appointed as External Concurrent Auditors in our bank. |
| 12 | Whenever any of the partner of the Firm is related to any of the staff or director of the Bank, such relationship shall be specifically mentioned in the application. |
| 13 | Firms which are under Cooling Period are not eligible for submission of applications online for empanelment |
| 14 | The Firms where partners are having NISM certified valid DOCE certificate also can apply for DP Branch. (If during tenure the certificate is expired immediately the partner shall qualify for a further period. No certificate of others will be accepted) |
| 15 | Proprietary Firms having Concurrent Audit Certificate, CISA/DISA, NISM DOCE, any other expertise can also apply. |

3. The following type of Audit firms are not eligible to participate for 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 Union Bank of India or any of its



Branches/Offices/departments/Other Units etc... The Audit firm or its associate concern, whose Statutory Audit term is yet to expire may apply for Concurrent Audit empanelment provided concerned Audit firm or its associate concern sacrifices the Statutory Audit assignment. If any divergence is observed/noticed by the bank during the empanelment process such matter will be referred to controlling authorities such as ICAI/RBI etc. No further claims will be entertained by the bank.

“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.”

- iii) Any canvassing, influence or reference to appointment of audit firms will render the application invalid.

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/Unit.
- 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/or has ex-Bankers as employees with requisite experience and exposure.
- v) Efforts will be made to allot the branches/units 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 as under:

| Sr. No. | Grade of Auditor | Branches to be allotted for Concurrent Audit. | Suggested level of advances of the Branch |
|---------|------------------|---|---|
| i. | I | Exceptionally Large Branch (ELB)/Unit Very Large Branches (VLBs)/Unit Stressed Asset Management Branches, | Rs. 125.00 Crores and above |



| | | | |
|------|-----|---|--|
| | | Overseas Branches, Treasury, Management Audit of A&I, Audit for Outsourced activities of various CO Verticals, ATM Division & Credit Card Division, Data Centre Process Audit, | |
| ii. | II | Large Branches/Units Asset Recovery Branches (ARBs) | Rs.50.00 crores to Rs.125.00 crores |
| iii. | III | Medium and Small Branches/Units Service Branches, CMS Branches, CO Verticals etc, Regional Offices, Any other Branch not covered above, | Below Rs.50.00 Crores |
| iv. | IV | MLP, RLP, Currency Chest, e-Focal branch, Any other unit not covered above. | 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 empaneled firm for carrying out the assignments. The Bank reserves its right to cancel any or all the offers without assigning any reason whatsoever.

5. Terms and Conditions

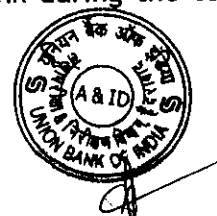
5.1. At any one point of time, not more than Four audit assignments shall be awarded to single firm depending on partners, offices at various locations. An audit assignment that needs to be carried out across branches/units at different locations shall be considered as a single assignment for this purpose. Hence the existing Concurrent Auditors who have not completed three years tenure as Concurrent Auditor at the present branch/office of Union Bank of India are not eligible to apply. Cooling period will be three financial years for CA Firms who refuse Bank's offer or cease to continue the Concurrent Audit assignment before expiry of its tenure without cogent reasons.



- 5.2. Concurrent Auditors shall not undertake any other activities on behalf of the branch without obtaining concurrence of Audit & Inspection Vertical in writing.
- 5.3. The firm shall execute undertaking of fidelity and secrecy on its letterhead in the format prescribed by Bank.
- 5.4. 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.
- 5.5. 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.
- 5.6. 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.
 - (a) A declaration as per Annexure F to be submitted, that in case of resignation of the Firm for audit for their reasons, that they will complete all the audit related work upto the month of resignation including current month audit work also.
 - (b) Resignation from the audit assignment will not be accepted during the currency of the month. Hence, it is advised to submit the resignation well in advance keeping in view of the related audit works to be completed.
- 5.7. All necessary certificates including monthly, quarterly, half-yearly, annual closing of Book of Accounts, Appropriation of recoveries in NPA accounts, Leakage of Income etc., that need to be given by audit firm as a part of Concurrent Audit assignment shall be given under prescribed formats or on its letterhead, as advised by the bank without any additional certification fee.
- 5.8. A detailed checklist and other latest operating guidelines, view ID, required Menus for verification of details shall be provided to the Concurrent Auditors. Web based checklist will be provided to concurrent auditors for conducting audit and for submission of reports. Finacle report server access will be provided for specific audit menus in verification of records, leakage of income, security details, charge creation etc. for view and identification of irregularities and other lapses.



- 5.9. Appointment of Concurrent Audit shall be purely at discretion of the Bank and no rights whatsoever accrue to the firm for such appointment.
- 5.10. Audit firms shall submit monthly/quarterly/half-yearly reports in structured formats alongwith their UDIN 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 & Bank also reserves the right to levy penalty as specified hereunder.
- (a) Bank introduced new compliance and closure process, wherein the auditor himself has to close the audit file as per the SOP. Hence the audit report for a month to be released by the auditor on or before 10th of succeeding month invariably. Delayed report release will be viewed seriously and a penalty of 10% will be deducted from audit fee payable if the report is released after 10th but before 20th of the succeeding month and 20% will be deducted if the report is released beyond 20th of succeeding month.
- 5.11. 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 withdraw the assignment, without assigning any reason by giving 7 days notice. In case of withdrawal of assignment, the remuneration for the incomplete month shall not be payable by the Bank. Moreover, the firm shall be debarred from empanelment for three financial years.
- (a) If the bank withdraws the audit assignment for any reasons, the audit and other related work like compliance and file closure shall be attended by the auditor invariably upto the audit completed month.
- 5.12. Similarly, the CA firm may withdraw the Agreement of Concurrent Audit assignment with one month 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 withdrawal. Cooling period for such withdrawal cases will be three financial years, if the same is without any cogent reasons.
- (a) If CA firm is withdrawing the Agreement of concurrent audit assignment point No.5.6(a),5.6(b), together applicable.
- 5.13. 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



- 5.14. The Firm should undertake that they will not subcontract the audit assignment.
- 5.15. As per the extant Concurrent Audit Policy, appointment of Concurrent Auditors will be made initially on financial year basis, irrespective of audit allotment date. The term may be extended, solely at the discretion of the Bank, for a further period of two (1+1) financial years on receiving satisfactory feedback from Auditee Branch/Unit and respective Zonal Audit office about their overall performance. A cooling period of 1 year shall be given after completion of three financial years of audit.
- 5.16. Bank conducts review/renewal process of Concurrent Audit assignment and appointment of new Concurrent Auditors as of March 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 up to the end of Financial Year . For example if the assignment is made during the month of May, Oct, Dec etc., it shall be reviewed for second year by next year March based on the performance feedback received from Auditee Branch and respective Zonal Audit office.
- 5.17. If the Branch/Unit under Concurrent Audit is closed / merged or removed from Concurrent Audit due to official exigencies and for any other reasons whatsoever, the tenure of the Concurrent Auditor of that Branch stands withdrawn 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 withdrawn. The CA Firm will be in empaneled list till March of the FY. Providing any alternative audit assignment is at the sole discretion of the Bank.
- 5.18. Due to official exigencies and for any other reasons whatsoever, if one branch/unit under concurrent audit is merged with another branch/unit without concurrent audit, the existing concurrent audit firm of the merged branch is to be considered for concurrent audit of Retained branch basing on the merits at the discretion of the competent authority of A&I (CGM/GM, A&I)
- 5.19. Due to official exigencies and for any other reasons whatsoever, if Retained branch/unit and Merged branch/unit both are under concurrent audit, then the Retained branch/unit concurrent auditor only is to be considered for concurrent audit of retained branch basing on the merits at the discretion of competent authority of A&I (CGM/GM, A&I). The merged branch concurrent auditor services will stand withdrawn. The CA Firm will be in empaneled list till March of the FY. Providing any alternative audit assignment is at the sole discretion of the Bank.
- 5.20. 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 or not to allow the new firm even though the firm fulfils the requirements.

- 5.21. The Bank reserves its discretion to accept or reject the application of any Firm based on the guidelines issued by the regulators or by the Bank.
- 5.22. The applicants shall opt for the Centre wherever they have their own offices with a minimum of one qualified partner/2 Chartered accountants.
- 5.23. The Firms shall provide the particulars of assignments currently at hand in the column provided in the application form. The allotment will be done based on the number of qualified personnel available and the current assignments in hand. In case the Bank feels that it will be difficult for the firm to undertake the work, then that firm will not be considered for allotment of concurrent audit.
- 5.24. Application which is incomplete and uploaded with improper documents, is liable to be rejected.
- (a) Officially valid certificates pertaining to Firm and Partners only needs to be uploaded. No white papers, marks list and certificates of others to be uploaded.
- 5.25. Bank reserves its right to maintain a separate panel of Audit Firms for undertaking specialized audits viz., Forex, Risk Management, System Audit etc., from the applications received in present process. Audit Firms are advised to indicate their specialization/qualifications of auditing for these specific areas.
- 5.26. The Audit firms allotted with the audit of branches that are designated to carry out Forex business should have necessary expertise to carry out the audit of Forex operations with adequate earlier experience of auditing such branches.
6. Documents to be submitted along with the application as and when requested by Bank.
- 6.1 (A) CA firms shall scan and upload following self attested documents while applying online:-
- 1) Copy of Registration Certificate issued to the Firm by ICAI
 - 2) Copy of certificate issued by ICAI having completed 'Course on Concurrent Audit of Banks' conducted by ICAI
 - 3) Copy of certificate of DISA/CISA (Expired CISA certificates, marks list shall not be uploaded)
 - 4) Copy of letter from RBI allotting Unique Code No.
 - 5) Copy of Firm PAN card
 - 6) Copy of GSTN
 - 7) Copy of DOCE issued by NISM



- 6.1 (B) After receiving appointment letter, CA firm has to submit the following documents to respective ZAOs stipulated in appointment letter
- 1) Letter of acceptance on Firm's letter head - (Annexure-A)
 - 2) Due diligence of staff/employees - (Annexure-B)
 - 3) Letter of confirmation regarding non-disqualification of Audit Firm/Consultant - (Annexure-C)
 - 4) Do's and Don't's for Concurrent Auditors - (Annexure-D)
 - 5) Declaration of Fidelity and Secrecy - (Annexure-E)
 - 6) Undertaking letter for completion of residual audit works of compliance, audit final closure and other audit related works in case of withdrawal/merger of the firms - (Annexure-F)
 - 7) Declaration by Concurrent Audit firm that they do not have any professional or commercial relationship with the branch/unit they are appointed as auditors and also declaration that none of the credit facilities availed by the firm or firm's partners are declared as NPAs with any Bank. - (Annexure-G)
- 6.2 The allotment is subject to verification of correctness of the documents. The Bank reserves the right to cancel/withdraw the allotment at any point of time if the information/documents submitted are found to be incorrect. In such cases of termination, the cooling period will be three financial years.

7. Payment and Fees:

- 7.1. 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.
- 7.2. The Concurrent Auditors shall be reimbursed actual out of pocket expenses incurred in connection with travel involved for conducting Inspections.
- 7.3. Payment to Concurrent Auditors shall be subject to deduction of tax at source at applicable rates.
- 7.4. 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.
- 7.5. Fees payable to Concurrent Auditors is based on the level of advances as of 31st December 2022 shall be taken into account for fixation of fees while assigning the Concurrent Audit assignment during March. However, in case of specialized/other units it is consolidated fee payable as mentioned below, with applicable GST.



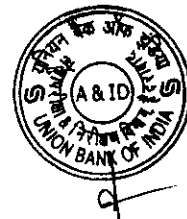
@FEE STRUCTURE:

| Level of Advances | Fee structure for Concurrent Audit |
|--|---|
| Advances above Rs.22500 Crores | Rs.60,000/- |
| Advances above Rs.7500 crores upto Rs. 22500 Crores | Rs.55,000/- |
| Advances above Rs.500 crores upto 7500 Crores | Rs.50,000/- |
| Advances upto Rs.500 crores | Rs.40,000/- |
| Specialized/other Units | Fee structure for Concurrent Audit |
| Treasury | Rs. 60,000/- |
| Data Centre Process Audit | Rs. 45,000/- |
| ATM Division | Rs. 40,000/- |
| Credit Card Division | Rs. 40,000/- |
| Stressed Asset Management Branch | Rs. 40,000/- |
| Select Regional Office | Rs. 40,000/-* |
| Service Branches | Rs. 30,000/- |
| Asset Recovery Branch | Rs. 40,000/- |
| CMS Division | Rs. 30,000/- |
| Vostro Branch | Rs. 30,000/- |
| Centralized processing Units such as MLPs, RLPs, NPC etc. | Rs. 30,000/- |
| Various Departments in Central Office like CCD, SSD, TBD etc. | Rs. 30,000/- |
| Currency Chest | Rs. 30,000/- |
| Top 20 branches and 7 Critical CO Verticals (CMCC, RMD, Operations, DIT, Treasury, CCD, Digital Banking), Central Statutory auditors | Rs. 75,000/- |

*includes the fee for quarterly Management Audit

@ subject to approval of Board

- 7.6. 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.



8. Conduct and Performance Monitoring

- 8.1. Each Branch / Audit Unit shall identify Nodal Officer as a single point contact for coordinating the Concurrent Audit work.
- 8.2. Respective Zonal Audit Office shall provide the Concurrent Auditor with requisite initial information of the branch activities and further support to conduct audit.
- 8.3. 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.
- 8.4. Pending issues of previous reports shall be mentioned as persisting irregularities / deficiencies in the subsequent reports.
- 8.5. 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.
- 8.6. Concurrent auditor has to close the concurrent audit reports of the branch/units after satisfying that 100% compliance of irregularities pointed out by the auditor was done. In such cases where 100% compliance was given by branch/unit within 45 days of audit report release date, auditor himself has to perform the file closure option in the audit module. A detailed SOP is already placed in the audit module for information.
- 8.7. If audit file closure not done on or before 45 days of report release with 100% compliance from branch/unit, at the end of the 45th day the file will be closed automatically and the pending compliances will be available to the branch/unit and auditor for further compliance upto 90 days of report release. During the period auditor shall sensitize the branch/unit for early compliances.
- 8.8. At the end of 90th day the pending compliances will be automatically closed.
- 8.9. Persisting irregularities at different time lines which are not ensured for compliance by branches/units to be submitted to concerned controlling authorities/verticals of CO and Zonal Audit Offices by email/letter for information and necessary follow up for compliance and closure of such items within a specified timelines.



- 8.10. Quality of compliance with the Concurrent Audit reports shall be covered and commented upon by Internal Auditors.
- 8.11. 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.
- 8.12. Zonal Audit Office will interact with Concurrent Auditors at least once in a quarter and auditors shall bring critical issues to the notice of the ZAO.
- 8.13. The Bank reserves its right to review the appointment at any point of time and if necessary, can cancel the appointment.
- 8.14. 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.
- 8.15. 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.
- 8.16. 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)
- 8.17. 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.
- 8.18. If the Concurrent Auditor fails to detect and report irregularities/deviations from laid down policies/norms, his services are liable to be withdrawn.
- 8.19. 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 withdrawn.
- 8.20. CGM (A&I) is the competent authority for any clarifications or instructions

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

