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Re: AX1/Insp. & Audit/2016-17

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Part of the existing Concurrent Audit Policy pertaining to Selection & appointment of Concurrent Auditors as under:

1. Selection of the audit firms for conducting concurrent audit –

The following basic criteria shall be kept in mind while selecting a firm for concurrent audit assignments: -

- I. It shall be a partnership firm of Chartered Accountants. However, considering the non availability of partnership Chartered Accountant firm in some areas, assignment may be given as per discretion of the Bank to the suitable firm empanelled with Bank.
- II. The firm shall be selected from the RBI panel preferably as per gradation suggested for Branch Statutory Auditor appointment or preferably the firm having RBI Unicode and empanelled with the Bank for Concurrent Audit.
- III. While selecting the firms for Concurrent Audit preference shall be given to –
 - Audit firms where the partners themselves were ex-bankers or the firm having tie-up with ex-bankers with requisite experience and exposure.
 - Audit firm having exposure in conducting concurrent audit of the Bank branches for a few public sector / major private sector banks.
 - Audit firms having qualified Information System Auditor (CISA/DISA) with necessary exposure to systems audit.
- IV. It shall be ensured that the audit firm or any sister / associate concern / network firm is not conducting the statutory audit of the Bank or any of its branches.
- V. The firm shall have necessary office set up and adequate personnel to ensure proper deployment and timely completion of the assignments.
- VI. The firm shall execute undertaking of fidelity and secrecy on its letterhead in the format prescribed by the Bank.
- VII. The assignment shall be carried out in a professional manner and in case of any misconduct & negligence the Bank is free to report the matter to ICAI / RBI under the guidelines from time to time. This will be in addition to the disengagement from the assignment.
- VIII. The firm shall not sub-contract the audit work assigned to any outside firm or other persons even though such persons are qualified chartered accountants,



- IX. A declaration to 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 guarantor/s have not turned or are existing as non- performing assets as per the prudential norms of RBI. In case the declaration is found incorrect, the assignment would get terminated besides the firm would be liable for any action under ICAI / RBI guidelines.
- X. Any other terms and conditions of the assignment shall be decided by the Bank on a case-to-case basis.

2. Appointment of Concurrent Auditors and other conditions –

- I. The appointment of the concurrent auditors based on the size of the Branch for various concurrent audit assignments shall be approved by ACE. Suitable firms shall be identified for each assignment and shall be approved taking into account their experience and exposure, similar activity carried out for the Bank or other banks, availability of adequate trained resources, location of the audit unit etc. The monthly fees payable to the auditors shall be approved by the delegated authority taking into consideration the nature of assignment and within the maximum fees approved by Audit Committee of Board.
- II. The tenure of the concurrent audit shall be for one year and may be extended for a further period of two years (overall three years), based on the performance of the auditor in the first year. The Branch allotted to the audit firm in the first year may be continued for the next year. However, if branch allotted in the first year remains out of purview of concurrent audit due to selection criteria in the subsequent year, allotment of concurrent audit assignment to the firm of discontinued branch shall be at the discretion of the Bank.
- III. Based on the experience, quality of audit and seniority, an audit firm can be allotted a bigger Branch in subsequent year.
- IV. After completion of specific period i.e. three years, cooling period of one year shall be observed for a firm to become eligible for appointment. The reappointment of the firm after expiry of cooling period shall be purely at the discretion of the Bank and no rights whatsoever accrue to the firm for such appointment.
- V. 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 the branches / units at different locations shall be considered as a single assignment for this purpose.
- VI. The concurrent auditor shall adhere to the audit coverage strictly as per the scope as may be decided by the Bank from time to time.
- VII. The concurrent auditors shall not undertake any other activities / assignment on behalf of the branch or unit without obtaining the concurrence of the audit department in writing.
- VIII. No out of pocket expenses or traveling allowance / halting allowance shall be paid to the concurrent audit firms for carrying out the assignment. However, the service tax, education cess etc. shall be paid as applicable from time to time in addition to the basic fees. The payment to the concurrent auditors shall be subject to deduction of



tax at source at appropriate rates.

- IX. All the necessary certificates that need to be given as a part of the concurrent audit assignment (Bills of Entry verification, A1/A2 Forms etc.) shall be given by the audit firm under its letterhead without any additional certification fee.
- X. The Bank has introduced Risk Based Concurrent Audit (RBCA) system. The concurrent auditors shall conduct RBCA at the end of each Quarter and assess risk rating for the audit entity as per the guidelines issued by the Bank. This rating should be based on his observations about branch functioning.
- XI. A detailed checklist and other operating guidelines shall be provided to the concurrent auditors. Necessary training / consultation required would be provided to them for enhancing the quality of the audit. They would be made aware of the guidelines and circulars issued subsequent to commencement of assignment and having impact on the concurrent audit, to keep them abreast of the changes in the operational and regulatory guidelines.
- XII. The Bank shall prescribe structured formats for the audit reports and also stipulate the time limits for submission of the reports. Suitable penal provisions may be prescribed for delayed submission of audit reports.
- XIII. The audit formats shall be reviewed on an annual basis. The firms shall strictly adhere to the format and the time limit. Bank may prescribe different periodicity for different reports within the same audit unit.
- XIV. The Concurrent Auditors shall sign on the 'Dos' and 'Don'ts' statement in order to have proper arms length relationship with the Branch / Department which they are conducting and the same should be acknowledged by them before accepting the assignment.



The Commission is pleased to announce that the results of the examination have been declared. The candidates who have passed are listed in the following table. The names of the candidates who have failed are also listed. The Commission is pleased to announce that the results of the examination have been declared. The candidates who have passed are listed in the following table. The names of the candidates who have failed are also listed.

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