

## TERMS AND CONDITIONS OF ENGAGEMENT

The following are the terms and conditions for applying for empanelling as Concurrent Auditor in The Ballari DCC Bank Ltd.

1. Applicant should be a Proprietorship / Partnership / LLP.
2. The empanelling and allocation of branches to the auditors will be purely the prerogative of the Bank. Such empanelling shall be initially for a period of one year and can be extended up to a maximum period of 3 years subject to satisfactory performance of the auditor.
3. The concurrent audit firm should furnish the name and qualification of the persons, who shall be conducting audit in the branch, to the Bank before commencing audit assignment and such persons will have to continue audit for all the months.
4. The concurrent audit firm will undertake that they will not sub-contract the audit assignment.
5. The concurrent audit firm will not lobby directly or indirectly for considering any credit proposals of their friends/clients to the Bank.
6. Auditors should not have been disqualified under Section 141 of the Companies Act, 2013 to accept this appointment.
7. The Concurrent audit firm / or the partners should not have any credit facilities with the audit branch for which they are applying for except credit facilities against their own deposits.
8. The Company / Directors and Firm / any partners' of the firm should not have statutory audit, credit audit, valuation of fixed / current assets or any other similar assignments with any branch of The Ballari DCC Bank Ltd.
9. The Company / Directors and Firm/any partners' of the firm should not have any disciplinary matters pending with ICAI/RBI and they should not have suffered any disqualification.
10. The firm should have sufficient experience in conducting audits in Banks.
11. The firm should be nearer to the proposed audit branch.
12. The allocation of the branches for audit shall be at the sole discretion of the Bank. Bank reserves right to change the branch and allocate it to others empanelled without assigning any reason there for.
13. Whenever any of the Proprietor/ Partner/ Director of the Audit firm is related to any of the employees of the Bank, the relationship with such employees should be specifically mentioned in the application.
14. The Bank has the discretion to consider or reject any of the applications based on any of the RBI/ NABARD/Government / Internal guidelines of the Bank.
15. Only the audit firm provisionally selected for empanelment will be communicated through e-mail / letter. No individual intimation will be sent to the audit firm whose applications not considered for empanelling.
16. The audit firm should give their consent in writing / undertaking letter in the prescribed format agreeing to comply with and bound by the terms and conditions prescribed by the Bank.

Methodology of selection:

- 1) The interested firms / companies should apply in the prescribed format posted on the Bank's website on or before the specified date. They should send the application to Deputy General

Manager, Audit, Inspection & Reconciliation (AIR) Wing, Head Office, Opp: Town Police Station, Hosapete.

- 2) The decision of the Bank on the applications received for empanelling received will be intimated to the applicants after completion of the selection process. No correspondence will be entertained from applicants in this regard.
- 3) Mere submission of application by the audit firms / individuals for appointment as Concurrent Auditor in The Ballari DCC Bank shall not entitle them automatically for assignment. The application will be processed and empanelment will be communicated in due course.
- 4) The appointment / allotment of branches shall be based on the inspection policy of the Bank and also availability of the branches and no. of audit firms in a particular region.
- 5) The Bank reserves the Right to appoint / reject any audit Firm for Concurrent Audit.
- 6) Based on the above the Audit Firm will be provisionally selected for empanelment. Bank shall communicate the provisional selection to such Firms by way of e-mail / letter and call for the applications or it's hard copies and letter of acceptance before a specified due date. After receipt of this communication the audit firms should send self attested copies of (a) copy of partnership deed / memorandum and Articles of association, (b) Certificate of registration with ICAI/ROC in the case of companies, (c) Copy of UCN registration with RBI, (d) Copies of letters received from the other Banks assigning the work of concurrent audit / statutory audit/other audits to audit firms as reported in the application, (e) letters of acceptance of terms and conditions in the prescribed format, (f) any other relevant enclosures/evidence / reports which audit firm has mentioned in the application.
- 7) After receipt of application and letter of acceptance from the Firms the Bank will empanel the audit firm for concurrent audit for the period of one year subject to correctness of information furnished in the application.
- 8) If the selected firm has not sent copies of other details as called for and letter of acceptance duly signed by them within the due date, the provisional selection will stand automatically cancelled. No separate intimation in this regard will be communicated.
- 9) In respect of firms which are not being selected, no communication will be entertained.
- 10) Bank may conduct a day's workshop for selected auditors for familiarization of our terminologies before actual commencement of concurrent audit. No traveling / halting allowance or any such allowances will be payable for attending such workshops.
- 11) The audit firm which is provisionally selected for empanelment will be communicated through letter and the acceptance to the Bank's offer is to be confirmed by the audit firm immediately followed by supporting documents in duplicate as quoted point no. 6 above.
- 12) On receipt of the above documents the Bank shall scrutinize the same and verify the correctness of application/annexure. Thereafter, the bank shall communicate the appointment initially by way of appointment letter.
- 13) The present offer of appointment is purely provisional and subject to the applicant taking up the audit assignment within the stipulated date.
- 14) Procedure relating to issue of letter of authority to enable the audit firm to verify relevant files/ records at specific branch allotted to audit firm for conducting concurrent audit will be informed to audit firm separately while confirming the acceptance / appointment letter.
- 15) The auditor shall maintain in strict confidence, the information containing instructions to Inspecting Officers issued during the period, index of circular issued during the period, indicative list of serious irregularities observed by the internal inspectors, indicative list of early

warning signals, shall not use or disclose to others. This should be maintained even after the termination of the agreement.

- 16) The appointment of concurrent audit is purely contractual and for a specific period of 12 months and same may be renewed on a yearly basis subject to satisfactory performance/eligibility of the particular branch for concurrent audit.
- 17) The maximum period of contract shall be restricted to 3 years. However, the Bank reserves the right to terminate the contract at any point of time for whatsoever reason as the Bank may deem fit.
- 18) After termination of the contract the auditor / firm shall not use/keep any material information given by the Bank. They shall return all materials belonging to the Bank after the termination of this agreement, unless otherwise instructed in writing in Bank.
- 19) The Bank shall have the absolute discretion in allotting the branch, revising fee structure, stipulating terms and conditions of the appointment like experience in concurrent audit of our branches / other banks and termination of the services of the empanelled auditor after giving due notice at any point of time including during the pendency of the contract.

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## Application for Empanelment of Concurrent Auditors in The Ballari DCC Bank Ltd

### I. GENERAL INFORMATION.

1	NAME OF THE FIRM					
2	Complete postal/communication address with City/Pin Code, State					
3	Office Telephone No./s.					
4	Office FAX No. with STD Code					
5	E-mail Address. (validation)					
6	Constitution					
7	Date of formation /Establishment of the Firm					
8	Registration No. of the Firm / Company with date with Institute of Chartered Accountants of India (ICAI)					
9	Registration No. of Firm/Co. With date (unique code number) with RBI.					
10	GST Registration No.					
11	C&AG Empanelment No.					
12	Permanent A/c No. of the Firm (Mandatory)					
13	No. of Partners / Directors.					
14	Name, Qualification, Membership No., year and other details (DASA qualification may also be mentioned).					
	Name of the Proprietor/ Partner/ Director	Contact Number	Educational Qualification	Membership Number	Year	Brief profile.
15. Details of audit staff employed						
Qualified Chartered Accountants						

a) Semi Qualified Chartered Accountants	
b) Retired/ex-bank officers	
Article/audit clerks	
c) other assistants	
Total	

II. PAST EXPERIENCE OF THE FIRM / COMPANY (Relating to various bank audits)

Particulars	Name of the Bank	No. of years in completed years	During the period
A. Central Statutory Audit			
B. Statutory Branch Audit			
C. Concurrent Audit			
D. Income/Revenue Audit			
E. System / IS Audit			
F. Any other Special Audit / assignment allotted by the Bank			
G. Details of Bank audit assignment currently on hand including as Concurrent Audit if any.	Bank		Type of audit
H. Areas of specialization of the firm/partners in Bank audits (Large Corporate Branch, SME Branch, Housing Finance Branch, Any other Commercial Bank / Gramin Bank/DCC Bank).			
1			
I. Any other relevant details / particulars of the Firm.			

Date :

Place :

Signature and Seal of Audit Firm

### UNDERTAKING/DECLARATION

01. We have read the above terms and conditions for selection / appointment of concurrent auditor and agree to abide by the same. We also undertake to execute the undertaking letter in the prescribed format agreeing to abide by the specific terms and conditions of appointment before taking up the assignment in case the firm is selected for Concurrent Audit.
02. We hereby declare that all the partners of the firm are full time practicing Chartered Accountants.
03. We hereby declare that individually, no partner is engaged in practice otherwise or in any other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act 1949.
04. We hereby declare that neither our Firm nor any of the partners have been disqualified / debarred / cautioned by ICAI during the last 5 years.
05. We hereby declare that the constitution of the firm as on the date shown in this profile / resume is the same as that of in the Constitution Certificate issued by the ICAI and any changes in the constitution will be intimated to the Bank as and when takes place.
06. We undertake to submit the latest copy of the Registration Certificate issued by the ICAI duly attested (self attestation is permissible), on receipt of offer letter from the Bank.
07. We hereby declare and confirm that the above particulars are true, complete and correct and no other material information has been withheld.
08. The above particulars / information / details are given on behalf of the applicant, by the undersigned authorised to do so.
09. We also undertake to abide by any other Terms and Conditions which the Bank may stipulate in compliance to RBI /NABARD/ Government guidelines or other internal guidelines of the Bank issued from time to time.
10. In case of any dispute, the decision of the Bank is final and only the appropriate Courts in Hosapete shall have the jurisdictional authority.

Place :

Date :

Signature

## LETTER OF ACCEPTANCE OF TERMS AND CONDITIONS

This bears reference to your above offer letter empanelling us as Concurrent Auditor for \_\_\_\_\_ branch for the period from \_\_\_\_\_ to \_\_\_\_\_

1. I, \_\_\_\_\_, Chartered Accountant/s, \_\_\_\_\_ (complete address), hereby accept the offer of empanelling of The Ballari DCC Bank Ltd for the Concurrent Audit of \_\_\_\_\_ Branch on the terms and conditions already set out in the application.
2. We also hereby declare that no change in the constitution of our firm has taken place since our application to the empanelment in your Bank for Concurrent Audit. We also undertake to inform the Bank in advance, wherever there is any change in the constitution of the firm.
3. We undertake that the Audit work assigned to us will be carried out by our own staff and no sub-contract of the work will be given and we / the firm will make necessary alternate arrangements to ensure uninterrupted audit of the branch in case of any contingencies.
4. We declare that we / the spouse / dependent children wholly or mainly dependent parents, brothers, sisters or any of them, of any of the partners / proprietors of the firm or the firm / company in which they are partners / directors have not availed any loan from any of the branches of your Bank / indebted to your Bank.

If availed, the details are as under:

Sl. No.	Branch	Details of loan	Amount availed	Liability	Arrears / over dues if any	Whether NPA

5. We also confirm that we are not disqualified under any other grounds as given in Section 141 of the Companies Act, 2013 for appointing me / us as Concurrent Auditor /s.
6. We declare that we are not partners / Directors in any other Audit Firm / s which are appointed for any other types of assignments in Bank.
7. We declare that a partner / qualified assistant will devote his time as stipulated in the appointment letter for this work.
8. We do hereby declare that to the best of our ability and skill, execute and perform the duties required of us as Concurrent Auditor /s of the Bank.
9. We further declare that we will not communicate or allow to be communicated to any person any information relating to the affairs of Bank or the affairs of any person/s having dealing with the Bank nor will we allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Bank relating to the business of the Bank or of the business of any person having any dealing with the Bank and maintain utmost confidentiality in all the matters which have come to our notice during the course of audit. If in the opinion of the Bank there is any breach of any of these covenants by us or any of the employees of our firm the bank is at liberty to initiate any action against the firm and firm is liable for any damages caused to the Bank or any of its claims.
10. I \_\_\_\_\_, the Proprietor/Main partner of \_\_\_\_\_ Chartered Accountant/s situated at \_\_\_\_\_ (complete address), hereby declare that neither I nor any of our partners / Directors / members of my / their families (family will include besides spouse, children, parents, brothers, sisters or any of them who are wholly or mainly dependent on the Chartered

Accountants) or the firm / company in which I am /they are partners / directors have been declared as willful defaulter by any bank / financial institution.

11. In case the above declaration or any part thereof is proved to be incorrect, the bank is free to advise the details thereof to RBI and Institute of Chartered Accountants of India for initiating necessary action against me / us.
12. We confirm that we are not associated with audit of any of the firms/ companies etc., which are dealing with your \_\_\_\_\_ branch (offered to us now).
13. We also note that our failure to report serious irregularities to AIR (Audit, Inspection & Reconciliation) Section, HO will attract disqualification from being continued as a concurrent auditor or other assignments by the Bank.
14. We are agreeable to function as concurrent auditor of \_\_\_\_\_ branch on the remuneration offered by the Bank. The Bank is at liberty to modify the remuneration at any point without giving any reasons. The remuneration payable by the Bank is subject to applicable statutory deductions.
15. We are aware that the outsourcing of concurrent audit is subject to RBI guidelines issued from time to time and we undertake to bound by such guidelines issued by Bank or to be issued by Bank to comply with the RBI guidelines or any other guidelines of the Bank from time to time.
16. We also undertake to preserve the documents / data obtained in the course of concurrent audit in accordance with legal / regulatory obligations of RBI / the Bank.
17. The Bank is also at liberty to verify / inspect such records by the internal / external auditor of the Bank / RBI / other persons authorized by the Bank and we shall have no objection in giving access to all such books / records and information relevant to the audit.
18. We agree and undertake that the services rendered by us / firm is liable for periodical review by the Bank and in case in the opinion of the Bank our services are not satisfactory, the Bank is at liberty to alter / modify / vary / change any of the terms and conditions of the appointment after giving due intimation to the firm or summarily terminate the services of the firm if in the opinion of the Bank the firm or any of its employees has violated any of the terms of appointment.
19. In case of any dispute, the decision of the Bank is final and only the appropriate court in Hosapete shall have the authority in jurisdictional matter.

Date:

Place:



**Details of Fee Structure**  
The Schedule of Fee will be as under

- Branches with average advances up to Rs.40.00 Crore - Rs.8.000 per branch per month.
- Branches with aggregate advances of above Rs.40.00 Crore and above - Rs.10,000/- per branch per month.
- The Audit Fee is based on the aggregate advances figures of the Branch as at previous March .
- Audit Fee will be paid within 7 days of the receipt of Audit Report.
- The fee will be all inclusive but net of taxes. No separate Travelling Allowance, Halting Allowance, out of pocket expenses, Fees for inspecting the securities, attending training, workshops, conducting audit of extension counters etc. will be paid.

## METHODOLOGY FOR CONDUCTING CONCURRENT AUDIT/REPORTING

- 1) The audit team should be led by the Chartered Accountant - Proprietor/ Partner/ Director of the audit firm with experienced assistance as the work may warrant. The audit personnel should not be changed so that continuity and consistency is maintained. If there is any change in the constitution of the firm during the period of appointment it shall be informed to the Bank immediately.
- 2) The audit team should visit the branch 2 days / week subject to a minimum of 10 days / month out of which chartered accountant / partner of the audit shall visit the branch for 2 days.
- 3) The audit firm shall conduct appropriate due diligence before employing any personnel who will be entrusted with the work of conducting the audit of the Bank. The audit firm is also responsible for any commission and omission of its employees which may cause and or likely to cause any loss / damage to the Bank or its clients.
- 4) Before commencing the audit, the members of the Audit team should be properly introduced to the Branch in charge by proper introduction letter containing the specimen - signatures and photo/s of the persons conducting the Audit duly attested by the Chartered Accountant - Proprietor / partner of the firm / Directors of the Company / Authorised Officials of Head Office.
- 5) Auditor to be guided by Circulars, Manual of Instructions and other guidelines issued by the Bank from time to time (which are available in the branch) for conducting the audit of the branch. If necessary, Head Office, AIR Section will provide the copies of important Circular / guidelines as and when demanded / situations warranted.
- 6) Auditors should do parameter checking of the software to ascertain that the interest rates and parameters are in accordance with the Circular guidelines in order to check any leakage of income to the Bank. They shall also verify that various hardware/software are kept properly and proper access control is maintained during the Branch operations. They should also verify securities charged to the Bank and ensure its correctness.
- 7) The auditor should keep watch on large withdrawals from Cash Credit account with limits of Rs 50 Lakh and above and any deviations observed should be reported to the Head Office immediately.
- 8) The audit team should adopt the following procedure in the matter of reporting their findings.
  - (i) The auditors should prepare jotting sheets in duplicate on day to-day basis duly listing the findings and handover the one copy of such report to the branch manager against his acknowledgement and follow-up for prompt rectification.
  - (ii) Upon completion of the audit of the given branch in full audit firm shall prepare a final report in triplicate after discussing with the branch and the original copy of the final report duly acknowledged by the Manager shall be submitted to Head Office, AIR Section immediately after completion.
  - (iii) Any transactions of serious nature which is against normal banking practices / any other unhealthy practices indulged by the branch staff, persistent irregularities, shortage of securities, transactions of fraudulent nature, borrowal accounts giving early warning signals and other serious irregularities like deficiency in sanction or documentation / pendency in Documentation / Incomplete documentation / non-renewal or non-recovery of expired limits / non-obtention or not making available LoRs for loan accounts beyond 36 months, expired limit status and so on should be submitted to / brought to the notice of Head Office through special report and over phone / email / fax. Any failure / omission / negligence on the part of the audit firm shall render the firm liable for action and termination of audit assignment. The special report should cover the critical areas mentioned in the check list / guidelines and the irregularities / shortcomings observed during the course of the audit. Auditors are however free to report any other

deficiencies which they may come across during the course of their audit. The special report should reach Head Office within 7 days of the final reporting made.

9) Any deficiencies / lacunae pertaining to post CBS migration issues, if any come across during the course of Audit, Auditors should bring to the knowledge of HO through special report and over phone / e-mail or fax.

#### Expectations from the auditors

01. The system of concurrent audit has been introduced mainly with the following objectives:-
  - a) To keep all routine work of the branch under continuous check so as to supplement Bank's efforts to ensure a robust internal control system at the branch in the critical and sensitive areas.
  - b) To ensure that violation, if any, in the procedures of the Bank are brought to the notice of the management immediately so that timely corrective and remedial steps are taken.
  - c) To pick up and report early warning signals in the right time to alert the management.
  - d) To report serious irregularities / fraudulent activities noticed at the branch to management in right time.
  - e) To ensure the quality of credit portfolio with due focus on credit appraisal, sanction, monitoring, and recovery aspects etc.
02. The audit firm shall own professional responsibility for concealment of facts, not reporting serious irregularities or losses on account of non-reporting / non detection of early warning signals / frauds.
03. The Bank may convene the meetings of select auditors at periodical intervals at the specified centres for interaction.
04. The Bank will also evaluate the performance of the auditors at periodical intervals based on the following parameters:-
  - i) Adherence to time norms for overall attendance @ 10 days, attendance by the Chartered Accountants (@ 2 days).
  - ii) Adequacy of the coverage of audit areas and reporting, as per norms.
  - iii) Timely submission of Special Report.
  - iv) Timely reporting of serious irregularities / early warning signals.
  - v) Contribution to improvement in overall control by the branch.
  - vi) Failure to detect and report leakage of income as well as serious irregularities.
05. The auditor / firm shall indemnify the Bank against all actions, omissions, proceedings, claims, suits, damages and any other expenses for causes attributable to the auditor / firm including any loss suffered on account of any breach of the terms and conditions of the offer of the appointment.
06. If the performance is found wanting, then the services of the auditors shall be terminated with due intimation at the discretion of the Bank and such audit firms shall stand de-empanelled. These are without prejudice to referring the issues to the professional body and also claim damages for such unsatisfactory services, whatsoever by the firm or any of its employees.