

Chartered Accountant

Ref. No.

Date :

To,

The Managing Director/C.E.O.
Urban Co-operative Bank Ltd. Bareilly
Head Office
A- Block, Deendayal Puram,
Pilibhit Road, Bareilly- 243122

Dear Sir,

Re : Application for empanelment as Concurrent Auditor for financial year 2023-24 & 2024-25

In reference to your notification published in daily news paper 'Hindustan' dated, we are submitting the application for empanelment of our firm / company for Concurrent Audit in your Bank for following centers:-

1. Head Office
2. Prem Nagar Branch
3. C.B.Ganj Branch
4. Civil Lines Branch
5. Shyamganj Branch
6. Nawabganj Branch

We are enclosing herewith our firm's profile for your perusal.

Thanking you.

Yours Sincerely

Name: _____

Designation: _____

Firm/Company: _____

Kindly go through the Notes/Guidelines thoroughly before filling the application format
Duly filled and signed application format should reach to our office on or before 07-07-2023

PROFILE OF THE FIRM :-

BASIC DATA-

Sr. No.	Particulars	Details
1.	Name of CA Firm / Company	
2.	Constitution	
3.	Address of Head Office of Firm / Company	
4.	Address of Local Branch Office of Firm / Company.	
5.	Phone/Mobile Number	
6.	E-mail Address	
7.	Date of Establishment	
8.	Registration No. of Firm/Company with ICAI	
9.	Whether any disciplinary action by ICAI initiated/pending against any member of the firm (if 'yes' give details)	

10. Particulars of Partners/Proprietor/Directors

S.N.	Name	Qualification	ICAI Membership No.	Date of Certificate of Practice	Whether DISA/CISA	Whether FCA or ACA	Mobile No.

11. Experience of Concurrent Audit of Public/Private Sector Bank.

Name of Bank	Name of Branch	Period of Audit

12. If Firm/Company or Partners/Directors are having any Credit Facilities or stood as a guarantor in any credit facility with Urban Co-operative Bank Ltd. Bareilly, please furnish necessary details indicating nature of facility and the name of bank's branch the account is/are maintained:

Name of Partner	Name of Bank's Branch	Nature of Credit Facility	Borrower or Guarantor	Account Number

13. Whether any partner/director is retired officer of Public Sector Bank:

Name of Partner	Name of Bank	No. of years of Service	Departments worked in	Dare of Retirement/VRS

I/We confirm that the information furnished here are true to the best of my knowledge.

Signature

URBAN CO-OPERATIVE BANK LTD BAREILLY

Declaration of Fidelity and Secrecy

I/We hereby declare that I/We will faithfully, truly and to the best of my/our skill and ability execute and perform the duties required of me as auditor of Urban Co-operative Bank Ltd. Bareilly and which properly relate to the office or position in the said Bank held by me.

I/We further declare that I/We will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of Urban Co-operative Bank Ltd. Bareilly, nor will I/We allow any such person to inspect or have access to any books or documents belonging to or in possession of Urban Co-operative Bank Ltd. Bareilly and relating to the business of the bank or to the business of any person having any dealing with Urban Co-operative Bank Ltd. Bareilly.

Sign. _____ Sign. _____ Sign. _____

Name: _____ Name: _____ Name: _____

Stamp: _____ Stamp: _____ Stamp: _____

Eligibility Criteria for Empanelment of Concurrent Auditors-

1. The firm should be a Partnership Firm/Company of Chartered Accountants.
2. The partnership Firm/Company must be in existence for at least 5 years.
3. The Partnership firm/Company should have minimum 3 years experience of bank related audit like Statutory/Concurrent Audit.
4. The Partnership firm/Company should have minimum 01 F.C.A. partner/director.
5. One of the partners/directors of the firm/company must be CISA (Certified Information System Auditor) from ISACA, or ISA/DISA from the institute of Chartered Accountants of India.

Fee Structure-

Audit fees will be payable on the basis of advances size of branches as on previous 31 March and that of Head office will be equal to the fees payable for minimum level branch-

S.No.	Level of Advances	Monthly Fees
1.	Up to Rs. 30 Crore	Rs. 3000/-
2.	Above Rs. 30 Crore & Up to Rs. 40 Crore	Rs. 4000/-
3.	Above Rs. 40 Crore & Up to Rs. 60 Crore	Rs. 5000/-
4.	Head Office	Rs. 3000/-

Scope of Assignment

- 1 (a) The concurrent audit of the Branch is to be carried out as per the RBI master circular in this regards, latest circulars/ instructions issued from time to time by the Bank's administrative office/s. The copies of the circulars are available with the branch under Audit and should invariable be referred to. The drawing of Audit program is the sole responsibility of the firm.
(b) The concurrent audit of the head office will include checking transaction of Govt. Securities, sale purchase transaction regarding fund placed with other banks in shape of fixed deposits, reconciliation of accounts with other banks and branches, reconciliation of ATM, POS, Mobile Banking and other NPCI products.
- 2 Though it is made mandatory for the Branch to give feed back of the frauds involving the Branch, the concurrent auditor should also get the details of fraud and modus operandi thereof from the Branch.
- 3 In addition to the above, the assignment may expand to the work of all kind of certification also as required by Bank from time to time without any additional fees/ remuneration, Bank may also at its discretion enhance the scope of Concurrent Audit as deemed fit without payment of additional fee.

Coverage of Activities

- 1 As the main role of the Concurrent Auditors is to supplement the efforts of the bank in carrying out simultaneous internal check of the transaction, all the daily transactions of the Branch have to be checked by Concurrent Auditors.

RBI has indicated minimum indicative items to be covered under the scope of Concurrent Audit as under:-

- i) Cash Transactions
- ii) Clearing Transactions
- iii) Remittances/Bill for Collection
- iv) Deposits
- v) Treasury Operations at H.O.
- vi) Loans & Advances
- vii) Letters of Credit and Guarantees
- viii) Housekeeping
- ix) Merchant Banking Business
- x) Debit Card/Mobile banking (IMPS), POS and other NPCI Products
- xi) Others

While it has been decided to cover each and every transaction of the Branch/Bank Office in concurrent audit, RBI has suggested some items which should be kept in view while compiling the report. Concurrent Auditor would examine all the transactions and identify the ones which are not as per the Bank's laid down rules/circulars and guidelines /instructions received from regulators & authorities like Govt. of India, Reserve Bank of India & SEBI etc. from time to time.

- 2 The emphasis shall be to make more in-depth study and to ensure prompt and regular reporting of the irregularities. There is an emphasis in favor of substantive checking in key areas rather than test checking. The Concurrent Auditor shall ensure that all transactions are properly recorded/documentated and vouched. The Auditor shall also ensure that the control reports Financial/ Non-financial audit trail are being generated, checked and signed by the Loans In charge & Branch Incumbent of the Branch on daily basis & norms of 2nd checking as per guidelines in vogue is being done invariably by the Branch.
- 3 100% verification of all the Audit Trails with Original Vouchers by the Concurrent Auditor.
- 4 Concurrent Audit should cover all the aspects of the branch working with detailed coverage of critical areas like Credit Monitoring, Review of Loan Accounts, instances of cheque returns, compliance of KYC/AML norms etc.
- 5 The concurrent Auditors are also required to submit summarized **Special Reports** in case of any serious irregularities / instances of frauds directly to Head Office. Close monitoring of the accounts to prevent slippages to NPA category/ diversion of funds assumes lot of importance in day to day working of the branch/Back office and the Concurrent Auditors have significant role to play in this regard. Similarly, instances of purchase/ discount of accommodation cheques/ bills and kite flying transactions and cases of high returning of cheques also need to be detected and reported promptly.
- 6 The reports shall have to be prepared by the Concurrent Auditors meticulously and with critical / crucial observations without missing / omitting any irregularities by them so that no new irregularities shall be detected / reported in the subsequent Regular Inspection.
- 7 Similarly, the instances of **Revenue Leakage** in branches/ Back Offices shall not be overlooked by the concurrent Auditors, which may subsequently be detected and reported in the regular Revenue Audit.

- 8 The Bank has in place **Know Your Customers (KYC)** guidelines which are updated from time to time. It should be ensured that the systems & procedure and guidelines contained in the RBI Master directions are complied with.
- 9 Concurrent Auditor shall ensure that operations in **Inoperative accounts** are allowed only after proper authorization and KYC formalities are complied with.
- 10 In addition, the verification of the preparation of the of the customers Profile / Risk Categorization of existing accounts at the Branches is also to be taken up by the Concurrent Auditors.
- 11 Concurrent Auditors shall ensure that the branch is maintaining proper record for **Cash Transaction (Deposit) as well as Withdrawals of Rs. 10 Lac** and above Information to be extracted from CBS System on monthly basis & scrutinized for any Unusual /Suspicious Transactions which shall be reported to HO-I&C. Hard copy of the report duly signed by Branch/ Cluster/ Back office officials shall be kept at the respecting Officials.
- 12 Information relating to proper **Asset Classification of Advances** to also checked on monthly basis by the Concurrent Auditors and issue Certificates to this effect on quarterly basis on ANNEXURE-3, besides other operational aspects including Balancing of Books, MIS etc.
- 13 Obtaining Balance Confirmation in deposit accounts (Saving and Current Accounts) on random basis at periodical intervals.
- 14 During the course of audit if some of the points that could not be rectified please obtain a suitable time line for such rectification and diaries in your records. On the due dates as committed by the Branch Head, Please obtain reply/responses.
- 15 Concurrent Auditors should submit their reports in the prescribed format only, which will be made available to them by the bank. The report should focus more on exception rather than statement of facts and attention to be drawn to suspicious transactions and accounts causing concern.

Reporting and forwarding of the reports:

- 16 Hard copy of the report be submitted to the concerned branch and head office on monthly basis.
- 17 FLASH REPORTS REGARDING URGENT ISSUES OR MAJOR IRREGULARITIES SHOULD BE SUBMITTED TO: Branch Head.
- 18 The firm may specifically report, simultaneously to the Chairman & CEO of the Bank any matter suspected to be a fraud or fraudulent activity or any foul play transaction.

- 19 Short Recovery is to be reported. Referred above Revenue leakages, if noticed is also to be reported. More attention may be paid to leakage of revenue.
- 20 The auditor will ensure rectification of irregularities on an on-going basis with the assistance of the Branch. The attention of Higher Authorities should be drawn for irregularities which could not be rectified in ordinary course of business before the immediate next report is due.

Accountability of Concurrent Auditors:

- 21 The audit firms will be responsible for any material omission in respect of transactions of the branch under concurrent audit viz,-Failure to capture signals and reporting thereof in respect of following:-
 - a) Fraud occurred in the Branch.
 - b) Violation in exercising of Discretionary Lending Powers/Discretionary Administrative Powers by Bank Officials.
 - c) Deterioration of assets and slippages to NPA
 - d) Major irregularities in execution of Loan Documents/Disbursement of Credit facilities.
 - e) Cases of Diversion of funds in advance accounts.
 - f) Non compliance of major terms and conditions of the sanction in advance accounts.
 - g) KYC non compliance
 - h) Non detection of revenue leakage wherever applicable.

In case of above acts of commission or omission or above acts of commission or omission in the working of concurrent audit firm, the bank may consider terminating the appointment and may also take suitable deterring action/impose financial penalties. A report may also be made to the institute of Chartered Accountants of India and Reserve Bank of India for such action of commission omission as deemed fit.

- 22 Bank reserves its right to review the appointment at any point of time and if necessary, may terminate without giving any notice.

Accepted

Signature of concurrent auditor/partner/director

DO'S AND DON'T'S FOR CONCURRENT AUDITORS

Do's:

Go through the Introduction, RBI master circular on audit & inspection of manual UCB's.

1. Pre concurrent audit study of the branch/department should be done getting all relevant information and off site surveillance reports of the auditee available in system.
2. Prepare proper audit plan based on 1 above, covering all the areas of the scope, keeping in the view the time lines.
3. Have a structured introductory meeting with the auditee and seek all the information required in advance with proper time schedule. Introduce the audit team to the auditee officials.
4. Audit team should accompanied by senior and experienced members as required.
5. Auditors to display team spirit and avoid misunderstandings/arguments in the presence of auditees.
6. Discuss his findings with branch officials regularly i.e. on daily basis /weekly basis, depending upon it's seriousness & try to rectify the defects then there itself.
7. Give auditees a chance to express their opinion while discussing the issues. Getting proper explanation in a cooperative atmosphere will save precious time.
8. In case of difference of opinion with auditee, the auditor should first discuss with the leader of his team. Further discussion with zonal office may be made, if required.
9. In case, auditor comes across any information which causes, him to suspect any element of fraud, gross negligence, gross incompetence or similar unfavorable actions or tendencies, he should report the matter to the leader of the team immediately who will in turn submit a special report.
10. Auditor should keep utmost secrecy of the information/audit observation/ issues etc. relating to the auditee.
11. Be courteous, Cooperative and professional.
12. Auditor must go through the latest Inspection report of branch and if he finds any irregularity un rectified, he should insect deviation for that irregularity in check list of On Line concurrent Audit with account number in comment column of check list.

Don'ts:

1. Auditor should not share/pass on / discuss any audit related observation/ issues/ findings with anyone other than concerned in the bank.
2. Auditors need not act overly reserved or unfriendly in order to maintain his independence as an auditing officer. A forbidding attitude on his part may well cause others to adopt the same attitude towards him. This can adversely affect the work entrusted to the inspecting officer.
3. Auditor should not get involved in heated argument with auditee.
4. Auditor should not give orders to auditee and seek requirement from the officer assigned to assist him on a particular job. The concerned officer would issue the necessary orders to their employees if the accepts inspector's suggestions and recommendation.
5. Auditor should not delay the submission of audit report.

Minimum Audit programme for Concurrent Audit System in Urban Cooperative Banks.

Sr.No.	Items
A	Cash Transactions-Verify
(i)	Surprise physical verification of cash at branch and ATM along with safekeeping and custody.
(ii)	Daily cash transactions, Particularly any abnormal receipts & payments.
(iii)	Surprise verification of cash by an officer other than the joint custodian.
(iv)	Proper accounting of and availability of insurance cover for inward and outward cash remittances.
(v)	Reporting of counterfeit Currency.
(vi)	All Cash transactions of Rs. 10 lakh and above reported in CTR.
(vii)	That all cash transaction of Rs. 50,000/- and above invariably indicate Pan No./Form 60.
B	Clearing transactions-verify
(i)	Reconciliation with bank's account at Clearing House and review of old outstanding entries for reconciliation.
(ii)	Drawings allowed against uncleared instruments-sanction by the controlling authority.

C	Remittances/ Bills for collection- verify
(i)	Remittance of funds by way of DDs/TTs/MTs/TC/NEFT/RTGS any other mode in cash exceeding the prescribed limit.
(ii)	Outstanding balance in DP and other transit accounts pending payment beyond prescribed period.
D	Deposits-verify
(i)	Adherence to KYC/AML guidelines in opening of fresh accounts and monitoring of transaction in such accounts. Junk PAN verification.
(ii)	Large term deposits received and repaid including of repayment of term deposit in cash beyond permissible limit.
(iii)	Account opened and closed within a short span of time i.e., accounts with quick mortality.
(iv)	Activation and operations in inoperative accounts.
(v)	Value dated transactions.
(vi)	Settlement of claims of deceased customers and payment of TDRs against lost receipts and obtention of indemnities, etc. To check revival of dormant accounts and accounts with minimum activities.
(vii)	Examination of multiple credits to single accounts.
E	Loans & Advances-Verify
(i)	Report Bill/Cheques purchased, if in the nature of accommodation bills.
(ii)	Proper follow-up of overdue bills purchased/discounted/negotiated.
(iii)	Fresh loans and advances (including staff advances) have been sanctioned properly and in accordance with delegated authority.
(iv)	Reporting of instances of exceeding delegated powers to controlling/head office by the branch and have been confirmed or ratified by the competent authority.
(v)	Securities and documents have been received as applicable to particular loan. Top Sheet is complied properly.
(vi)	Securities have been properly charged/ registered and valued by competent person. Whether the same has been entered in the bank's system.
(vii)	All condition of sanction have been complied with
(viii)	Master data relating to limit, rate of interest, EMI, moratorium period details have been correctly entered and updated/modified in the system.
(ix)	Value dated entries passed in advances accounts.
(x)	Post disbursement supervision and follow-up is proper, such as timely receipt of stock and book debt statements, QIS data, analysis of financial data submitted by borrower, verification of securities by third parties renewal of limits, insurance, etc.

(xi)	Whether there is any misutilisation of the loans and whether there are instances indicative of diversion of funds. Unit visit to verify charged securities and end use verification.
(xii)	Compliance of prudential norms on income recognition, asset classification and provisioning pertaining to advance.
(xiii)	Whether monthly updating of drawing power in the computer system on the basis of stock statement / book debt statement/ other financial data received from the borrowers.
(xiv)	Recovery in compromise cases is in accordance with the terms and conditions of the compromise agreement.
(xv)	To check review and renewal of loans.
F	LC/BG-Verify
(i)	LC/BG issued/amended as per the approved format/ model guarantee prescribed and standard limitation clause incorporated. Whether counter indemnity obtained as prescribed.
(ii)	Any deviation from the terms of sanction in regard to margin, security, purpose, period, beneficiary, collection of charges, commission/fee,etc.
(iii)	Whether payment is made to the debit of party's account on due date without creating overdraft/debiting suspense, in case of deferred payment guarantee.
G	House Keeping- Verify
(i)	Exceptional transaction reports are generated and verified by branch staff as prescribed.
(ii)	Review of all balance sheet heads and outstanding entries in accounts, e.g., suspense, sundry and inter- bank accounts. Review of follow up of entries pending for reversal.
(iii)	Scrutiny of daily vouchers with more emphasis on high value transaction including high value expenses and debit entries in Suspense account.
(iv)	Debits in accounts where signatures are pending for scanning.
(v)	Whether records related to KYC / vouchers and other critical areas are sent to speci
(vi)	Adherence to KYC/AML/FATCA guidelines in respect of existing accounts as well as new accounts and subsequent modification of records and monitoring of transactions.
H	Verification of Debit card-Verify
(i)	Physical verification of ATM cards, debit cards, credit cards, passwords and PINS control over issue & delivery, safe keeping and custody at all the locations. Report loss of any such time.

I	Verification of Investment
(i)	Verification of investment transaction with vouchers.
(ii)	Comment on reconciliation of current account maintained with other banks.
(iii)	Verify income leakage in investments.
(iv)	Certification of investment on quarterly & half yearly basis, after verification
(v)	Ensure that in respect of purchase & sale of securities, the officials related with sale & purchase have acted within their delegated power.
(vi)	Ensure that the securities held In the books are also held in CSGL account.
(vii)	Ensure that the head office is complying with the RBI/Board guidelines regarding BRs, SGL/CSGL forms, delivery of scrips, documentation & accounting.
(viii)	Ensure that the sale/purchase transactions are done at rates beneficial to the bank.
J	DEA Fund
(i)	Verify eligible accounts to be sent to RBI for DEA fund.
(ii)	Verify reconciliation certificate of DEA fund on half yearly basis.
K	Other- Verify
(i)	Compliance of provisions relating to Tax Deducted at Source, service tax, trade tax other duties and taxes.
(ii)	Physical verification of inventory, control over issue of inventory, safe keeping and custody of security forms. Report any loss of such items.
(iii)	Physical verification of other deliverable items, control over issue, safe keeping and custody.
(iv)	Custody and movement of branch keys.
(v)	Locker keys and locked operations-linking of FDR as security for locker/operation of locker/inoperative lockers/nomination/other issues.
(vi)	Safe custody of branch documents like death claim cases, issuance of duplicate DD/PO FDR, checking of indemnities, etc. and verification of documents executed during the period under audit.
(vii)	Reporting of frauds.

Accepted

Signature of concurrent auditor/partner/proprietor