

SOP- CA FIRMS

STATE BANK OF INDIA **INTERNAL AUDIT DEPARTMENT, HYDERABAD** **EMANELMENT OF CHARTERED ACCOUNTANT FIRMS** **AS CONCURRENT AUDITORS**

1. SELECTION AS CONCURRENT AUDITORS:

Applications are invited from eligible Chartered Accountant Firms for empanelment as Concurrent Auditors in the Bank branches / CPCs / special outfits.

2. ELIGIBILITY CRITERIA:

Those firms which satisfy the following are eligible to apply:

- a) Grade I, II III & IV firms as per RBI Grade as on the date of application.
- b) CA Firms having at least one year of experience of Concurrent Audit in any Commercial Bank. Firms with below 1 year experience will not be eligible to apply.
- c) CA Firms which have sufficient number of trained representatives of firm articled Clerk trained by ICAI on Concurrent Audit, Retired Officers of commercial Banks, qualified Chartered Accountants as Partner or Associate or as Staff, who will be available on all working days to attend to the Concurrent Audit.
- d) The minimum skill required that is required for the audit staff of CA firms for conducting Concurrent Audit is as under:
 - Should have completed minimum CA inter and should have a minimum work experience of six months in auditing area.
 - If the Audit Staff do not have minimum qualification of CA inter, should have a minimum work experience of 3 years in the Bank Audits.
 - In case, the Audit Staff who are deputed for conducting Concurrent Audit are Retired Bank Officials (Min: Scale II), the above requirement does not apply.
- e) CA Firms who are already engaged / appointed for any other assignment in SBI such as Statutory Auditors, Stock Auditors, Forensic Auditors, etc., are not eligible to apply, to eliminate any room for conflict of interest.
- f) CA Firms who are already deployed / posted as Concurrent Auditors in SBI are not eligible to apply.

- g) Existing CA firms in the wait list will be continued subject to the fulfilling the eligibility criteria as on the date of engagement & annual review. No changes in RBI grade, Constitution, not engaged for other works in our Bank as Stock & Receivables Auditor, Statutory Auditor etc.
- h) As on the date of advertisement, Chartered Accountant Firms which are **under cooling** period of one year after completing three years of Concurrent Audit in State Bank of India in any of the Circle Audit Office (CAO) **are not eligible** to apply.
- i) Where CA Firm is having more than one office in different geographical locations, such CA Firms can apply for empanelment separately for each office / location under each CAO subject to:
- Should have at least one office under the jurisdiction of CAO.
 - Separate designated Chartered Accountant should be available for conducting Concurrent Audit.
 - Maximum of three branches / CPCs / Special Outfits shall be allotted to a single firm, irrespective of geographical location as per the vacancy position at the sole discretion of the Bank. **In case more than one RACC / CCV allotted under Cluster Audit, it will be treated as one branch.**

3. SUBMISSION OF APPLICATION:

The duly filled in application form in a sealed cover superscribed as "**Application for Empanelment of Chartered Accountant Firms for Concurrent Audit at Branches / CPCs/ Special Outfits**" should be submitted through online (MS Forms) and hard copies by post / courier / hand delivery and reach to respective Circle Audit Office (CAO).

The application and all correspondence and documents relating to this process must be written in English. The applicant must provide individual and factual replies to specific questions asked in the application. Documents submitted should be complete in all respects as required.

- i. Application as per **Annexure – I** needs to be submitted duly filled in with required particulars accompanied by copies of supporting documents i.e. Constitution of the Firm (Company / Partnership/ Proprietorship firm / LLP), RBI Grading certificate, Experience certificate, etc. All supporting documents to Application must be self-attested by the authorized signatory for the applicant firm.
- ii. Incomplete application and application without required supportive documents will not be considered by the Bank.
- iii. Submission of application online is mandatory. A printout of the application submitted online, duly signed to be attached to the relevant documents before sending to the CAO concerned.

4. MODIFICATIONS AND / OR WITHDRAWAL OF APPLICATION:

Application once submitted will be treated as final and no further correspondence will be entertained. As no subsequent modification of application / documents are permissible, the firms are advised to exercise utmost care in filling up and submission of application / documents.

5. OFFERS BY A THIRD-PARTY:

The applicants are not permitted to authorize their Agents/brokers, etc. (including individuals and/or third-party firms/companies) to either collect or submit the application/ documents on their behalf. The Bank will summarily reject such requests and arrangements. No sub-contracting of the empanelment is permissible.

6. SELECTION PROCESS:

i) Applications received online, complete in all respect and within the prescribed time, will be scrutinized on the basis of the basic eligibility criteria as given above at Para 2 by a Selection Committee formed for the said purpose. Then the **applications not accompanied by all the required details along with printout of online submission application and supporting documents would be liable for rejection.**

ii) The Bank reserves the right to disqualify any or all applications on the basis of their responses without assigning any reasons, whatsoever. Those applicants who satisfy the requirements and specifications as determined by the Bank as per the terms and conditions of this document shall be short-listed.

iii) Those applicants who fulfill all the basic eligibility criteria will be evaluated based on location of firm, residential status of partners, experience, reputation, availability of sufficient trained personnel (ICAI Trained article clerks/ retired commercial bank officers) with the firm and such other factors as the Bank may deem fit for its requirements.

iv) The prima facie scrutiny of the applications will be done by a Screening Committee appointed by competent authority.

v) The final selection of the CA firms will be approved by a Selection Committee at IAD and will be final. No further correspondence in this regard shall be entertained.

vi) Only selected CA firms will be intimated by email through respective CAOs.

vii) Bank also reserves the right to make query with the firm or any other agency, ask for additional information, particulars, and submission of one, some or more undertakings from any firm at any point of time. None of such act shall be deemed as an offer of empanelment as Concurrent Auditor by the Bank to the firm unless and until Bank intimates in writing to the firm regarding allocation of any branch / unit for concurrent audit.

7. Types of Audit:

a. Regular Concurrent Audit (RCA): Regular Concurrent Audit is a full-time audit and to be conducted on daily basis.

b. Cluster Audit: Two or more branches are formed into cluster and audit to be conducted on weekly basis. Cluster Audit is mainly done at Currency Chest branches.

c. With regard to RACCs, bank at its discretion may allot more than one RACC with a maximum cap of three RACCs for one CA Firm. In case more than one RACC / CCV audit is allotted under Cluster Approach, it will be treated as one branch. Additional compensation of Rs.5000/- per month for each additional RACC shall be paid to the CA Firm. CA Firm shall conduct audit at least one day in a week at each RACC, where three RACCs are allotted under Cluster approach and at least two days in a week at each RACC, where two RACCs are allotted under Cluster approach.

8. SCOPE OF AUDIT:

The broad areas to be covered in the Concurrent Audit are as indicated in **Annexure-III** and shall be revised from time to time based on the requirements of the Bank. Concurrent audit will be online as well as any other method / process to be adopted by the Bank.

9. TERMS & CONDITIONS:

Details of Terms and Conditions in respect of empanelment are as per **Annexure- IV**.

10. VALIDITY OF OFFER:

The successful applicants will be placed in the Select list and respective CAOs shall be making offer as per the merit list to the CA Firms as & when the vacancy / need arises. On acceptance of the offer by CA firm, have to execute the Service Level Agreement within 10 days of issuance of offer letter. The tenure of CA firms engaged as Concurrent Auditors shall not be more than 3 years on continuous basis, subject to satisfactory performance as reviewed periodically. Period of contract during the currency of the contract can be varied by the Bank based on its requirement.

11. DELIVERY, REPORTING AND REVIEWING SYSTEM:

The Concurrent Audits should be conducted in the branches / CPCs / special outfits as per the agreed time frame as per WBCAS / Bank's Concurrent Audit Manual, a copy / soft copy of which will be made available to selected firms after allotment of a branch / special outfit.

The Concurrent Auditor has to prepare Audit reports as per specified standards/formats as given in the said manual and as will be required by the Bank from time to time.

12. REMUNERATION:

i. Regular Concurrent Audit (RCA): The Remuneration payable is based on the size of the branch ranging from Rs 40,000 to Rs 80,000 as under:

Branch Type	Range/ Remuneration	Remarks
Corporate Credit Branches	Rs 55,000 to Rs 80,000	Remuneration will be fixed based on the credit portfolio of the branches.
Credit CPCs	Rs 55,000 to Rs 65,000	
Retail Branches	Rs 45,000 to Rs 65,000	
Non-Credit CPCs	Rs 40,000 to Rs 45,000	
CAG & Special Outfits	Remuneration shall be based on the nature and criticality of the activities in the auditee unit, the size of the business audited, and the special skills required for CA Firm to conduct audit.	

ii. Cluster Audit:

Branch Type	Remuneration
Cluster Audit of CCV & Other cluster (Forex / FSLO, etc.)	For conducting Currency Chest Transaction Verification and Other Cluster Audit, the remuneration payable to CA firm is fixed as Rs. 3,000/-per visit to the branch.
Cluster Audit of RACCs	For each additional RACC, additional compensation of Rs.5000/- per month shall be paid to the CA Firm under Cluster Approach.

iii. Other Audits:

Branch / Outfit	Remuneration
Offsite audit of SWIFT /FSLO	The Concurrent Auditors conducting offsite SWIFT / FSLO audit shall be paid an additional remuneration of Rs. 6,000/- per branch and Rs. 6,000/- in case of offsite Swift / FSLO audit of more than one branch.

Note: Once the remuneration is fixed and Service Level Agreement (SLA) is executed, it has to be continued till the expiry of the SLA, notwithstanding there is increase / decrease in the advances level during the period covered under SLA. No review of the remuneration would be done during the SLA / contract period. However, Bank reserves a right to exclude any branch /unit out of the scope of Concurrent Audit, which will be communicated at least one month in advance.

13. PAYMENT TERMS:

i) The payment for the audit work done will be made on submission of invoices with required particulars on completion of each calendar month. No payment is to be made unless all the monthly / periodical concurrent audit reports are submitted by the firm. Payment will also be subject to recovery if any penalties, damages, etc., from the firm.

ii) TDS as applicable will be recovered from the bill amount while making payments and Form-16 will be issued as per law. In case of omission of any TDS by Bank, the same must be brought to the notice of the Bank and the firm has to return the amount to Bank towards TDS.

14. PENALTY PROVISIONS:

Penalty Provisions are given as per **Annexure – V**.

15. SECRECY ISSUES:

i) The select / empaneled firm and its employees will strictly undertake not to record by any means or to communicate or allow to be recorded by any means or communication to any person or divulge in any way any information relating to the conversations, events, ideas, concepts, know-how, techniques, data, facts, figures and all information, howsoever concerning or relating to the Bank and its affairs to which the audit firm /their employees, etc., have access in the course of performance of the contract. The successful applicants will on award of contract will execute a non-disclosure agreement and declaration of fidelity and secrecy as per the Bank's standard format. All personnel of the Concurrent Auditor, before commencing the Audit have to execute a declaration of fidelity and secrecy as per the format prescribed by the Bank and submit valid KYC documents at allotted branch / BPR outfit / Unit.

ii) No data in any name can be transferred or converted to any other media by the representative of firms under any circumstances. No public platform or social media or any media whatsoever name it may be known can be used for any matter and issues relating to concurrent audit and relation, rights, responsibilities and obligations of the firm or Bank.

iii) All the information contained in this document is solely for the purpose indicated in this process. Reproduction of all or any part of this process by any person for any purpose other than for the purpose of responding to this or for any other purpose expressly permitted by this shall be treated as unauthorized and illegal and the Bank reserve the right to take appropriate action in such circumstances.

16. INDEMNITY TO THE BANK:

i) The empaneled firm shall indemnify SBI and keep indemnified against any loss or damage that State Bank of India may sustain on account of any unprofessional act causing downtime of mission critical systems, disruption to business operations, data loss, third-party claims on account of violation of patents, trademark, designs and other intellectual property rights, etc.

ii) Bank's data, strategies, etc., should not be revealed or shared with any third parties including any other bank. The firm and its partners will remain liable to the Bank for any act of omission and commission during the period the period of concurrent audit which may come to light at any subsequent time by any agency including the Bank.

17. TERMINATION OF CONTRACT:

i) The performance of the selected empaneled firms will be continuously reviewed by the Bank in terms of various requirement specified in **Annexure-V** of this document, appointment letter, SLA, Concurrent Audit Manual / processes and RBI directives/notifications on concurrent and various communications by the Bank to the firms. Based on the review, if the selected firm fails to satisfy / maintain their commitment with respect to timely conduct of the audit, quality and content of the audit reports, the contract may be terminated by Bank by giving one month's written notice to the firm. Regarding quality and content of the audit reports, banks decision is final and binding on the firm.

ii) Bank may terminate the contract by giving one months' notice in case of deletion of any branch from coverage of concurrent audit when relocation of the firm to another branch is not feasible.

iii) Firm has to give one months' prior written notice to bank to accept any assignment requiring relinquishing the present assignment.

iv) In case of any suppression of fact which the firm is required to disclose or intimate to the Bank within stipulated time during the period of contract, it will be treated as unethical act and the Bank can terminate the contract without giving any advance notice and the firm will be reported to RBI and ICAI for blacklisting. In addition, Bank will be entitled to indemnity and recovery of damages from the outgoing firm.

v) In additions to this, other circumstances leading to termination of contract, periodicity of notice, compensations have been incorporated in the Service Level Agreement (SLA) to be executed by the firms before taking up the concurrent audit at allotted branches / CPCs / special outfits.

In all other circumstances, contract may be terminated by either party giving one months' notice or payment of full amount of remuneration including GST to the other party. Under no circumstance the one month periodicity for termination can be reduced.

vi) SBI's decision in this regard will be final. In case of termination of this contract, the SBI shall have the right to avail services of any other Audit firm to continue the process without any let or hindrance from de-paneled firm, whose services are to be terminated and outgoing firm also has to provide all necessary help, at their own cost, for smooth switch over.

vii) Any work done till such time, working papers and should be handed over to the Bank, without any demur. The work should not be disclosed to any other organization/bank.

18. DEPLOYMENT:

The allotment of branches / CPCs / special outfits to the selected firms will be based on the suitability of the firm vis-a-vis the size, volume of business and criticality of the operations of the branches/ CPCs / special outfits to be decided by Circle Audit Office (CAO).

Grade of CA Firms	Deployment
Grade I/II/III	At any of the identified branches
Grade IV	i. At Retail Asset Credit Centres (RACC) situated mostly in semi urban centres (Regular Concurrent Audit). ii. At Currency Chest branches for conducting Currency Chest Transaction Verification (CCV) on cluster basis (Weekly audit).

The list of tentative Centres where the Concurrent Auditors are proposed to be engaged is placed as **Annexure VI**.

Other than the centres mentioned in **Annexure VI**, vacancy may arise at other centres during the year on account of completion of tenure of Concurrent Auditors / resignation of CAs / identification of new branches / CPCs / special outfits. These branches / CPCs / special outfits will be allotted to the Concurrent Auditors from the Select / empaneled list in order of merit, as and when the need arises.

CAOs may allot branches / CPCs / special outfits to the selected CA firms in order of merit either Regular Concurrent Audit (RCA) branch or Cluster Audit branches or combination of both RCA & Cluster Audit branches, subject to not exceeding three branches / CPCs / special outfits to a CA firm, including if already doing concurrent audit of any of the SBI branch. In case more than one RACC / CCV audit is allotted under Cluster Approach, it will be treated as one branch.

On non-acceptance of offer made by CAO to CA firm for the preferred three centres, their name will be placed in the bottom of the wait list. In case of non-acceptance of offer for other than the preferred centres, the name will continue in the same order of the merit list.

19. DISCLAIMER:

There is no commitment or obligations, whatsoever on the part of the issuer of this process, or officials associated with it within the Bank, regarding the implementation for any future plans. Any assumptions made by bidders, on the basis of information shared herein, will be at their own risk and responsibility.

20. ADDRESS FOR COMMUNICATION:

The Address for Communication to concerned Circle Audit Office (CAO) is as per the list enclosed as **Annexure – II**.