



दि दमण एवं दीव राज्य सहकारी बँक लिमिटेड
THE DAMAN & DIU STATE CO-OPERATIVE BANK LTD.

(Registration No. ARCS/DMN/DDCBL/211/2015-16 dtd.17.11.2015)

Head Office: H.No. 14/54, 1st Floor, Dilip Nagar, Nani Daman-396210

Ph. No: 0260 2255984, 2255985

Email: audit@3dcoopbank.in

DDSTCB/CONCURRENT AUDIT/15/2024-25/1564 25th MARCH 2025

Notification No. DDSTCB/AUDIT/15/2024-25/94 dated: 25th MARCH 2025

ENGAGING CHARTERED ACCOUNTANTS

The Daman & Diu State Co-operative Bank Limited (DDStCB), Nani Daman is a licensed State Co-operative Bank having its headquarters at Nani Daman, having its area of operation in Dadra & Nagar Haveli, Daman and Diu Districts of Union Territory of DNH & DD. The Bank is having 5 branches in Daman District and 4 branches in Diu District of the UT Region.

The DDStCB desires to engage Chartered Accountants for Concurrent Audit in their branches and its Head Office. The particulars of the eligibility, remuneration, terms and conditions and Application Form etc., are furnished in the website of the Bank www.3dcoopbank.in **The last date for receipt of the completed applications at Bank's Head Office (Inspection Division) is 05.04.2025.** The application and other details can be downloaded from Bank's website.

APPLICATION TO BE SUBMITTED TO:

**THE GENERAL MANAGER,
AUDIT & INSPECTION DEPARTMENT
THE DAMAN & DIU STATE CO-OPERATIVE
BANK LIMITED
HEAD OFFICE
H.NO.14/54, FIRST FLOOR, DILIP NAGAR
NANI DAMAN – 396 210
Union Territory**

ON THE WEBSITE

OUTSOURCING OF CONCURRENT AUDIT FUNCTIONS

Notification No. DDSTCB/AUDIT/15/2024-25/94

Dated 25.03.2025

Issued for engaging Chartered Accountants/ Chartered Accountant

Firms Details:

- A. Terms and Conditions of Engagement including details of fee Structure and Methodology for conducting Concurrent Audit/reporting
- B. Application Form for Empanelment of Concurrent Auditors (Annexure-I)
- C. Letter of Acceptance (Annexure-II)
- D. Letter of Undertaking (Annexure-III)
- E. Compliance of DO's and Don'ts (Annexure-IV)
- F. List of Branches and Head Office selected for the Concurrent Audit (Annexure-V)
- G. Note on Concurrent Audit (Annexure-VI)

A. TERMS AND CONDITIONS FOR APPOINTMENT OF EXTERNAL AUDITORS, CONDUCTING CONCURRENT AUDIT OF BRANCHES AND HEAD OFFICE

The following are the terms and conditions for applying for empanelment as Concurrent Auditor in The Daman & Diu State Co-operative Bank from 1st April 2025 to 31st March 2026.

I. Mandatory Conditions for Appointment:

1. Applicant should either be a LLP / Partnership firm or Proprietorship, already in the panel of the RBI, which are circulated among the Banks for Statutory Branch Audit of the Banks/Co-operative Banks from time to time. Registration with RBI and category allotted by RBI are mandatory.
2. The empanelment and allocation of branches to the auditors will be purely the prerogative of the Bank. Such empanelment shall be initially for a period of twelve months and can be extended for a period of one year (twice); subject to condition that maximum period of empanelment is not more than three years (36 months) subject to necessary approvals and review of performance.
3. The Concurrent Audit firm should furnish the name, qualification and skill set of the persons, who shall be conducting audit in the branches and Head Office, to the Bank before commencing audit assignment and such persons will have to continue audit for all the Twelve (12) months.
4. The Concurrent Audit firm shall undertake that they will not sub contract the audit assignment.
5. The Concurrent Audit firm shall not lobby directly or indirectly for considering any credit proposals of their friends / clients to the Bank / auditee branch.
6. “The eligible auditor / firm should be qualified under provisions of Section 141 of Companies Act 2013 for appointment as auditors of the Bank. Auditors should not be disqualified under Section 141 of the Companies Act, 2013 read with Rule 10 of The Companies (Audit and Auditors) Rules, 2014 to accept this appointment.”
7. The Concurrent Audit firm or the partners / LLP or its designated partners / or the proprietor or any of their clients should not have any credit facilities with the auditee branch for which they are applying for except credit facilities against their own deposits.
8. The LLP / firm / any partners/designated partners / Proprietor should not have statutory audit (Central audit or Branch Audit), credit audit, valuation of fixed / current assets or any other similar assignments with Bank / or / any branch of The Daman & Diu State Co-operative Bank (hereinafter referred to as “DDStCB”).

9. The LLP / firm / any partners/designated partners of the firm / Proprietor should not have any disciplinary matters pending with Indian Banks Association (IBA) / Institute of Chartered Accounts of India (ICAI) / Reserve Bank of India (RBI) / National Financial Reporting Authority (NFRA) and they should not have suffered any disqualification.
10. The Auditors' Services should not have been terminated or stopped by our bank earlier for (i) want of satisfactory performance or (ii) serious acts of commission or omission or (iii) professional misconduct or (iv) any other adverse reasons.
11. If the name of the External Concurrent Auditor (ECA) is appearing in the list of Third Party Entities- (TPEs) prepared by IBA, or list of entities blacklisted by professional bodies such as ICAI or blacklist of other banks, then no empanelment would be considered.
12. The eligible auditor / LLP / Firm should be having sufficient experience in conducting concurrent audits of Banks / Bank branches.
13. No weightage shall be given for audit experience in Small Finance Banks and Payment Banks.
14. The Bank has the discretion to change the allocation of the branches based on any administrative exigencies.
15. The offer of appointment shall be treated as provisional till the empanelled audit firm takes up the audit assignment within the stipulated date in the stipulated auditee unit.
16. Whenever any of the Proprietor / Partner of the Audit firm / designated partner of a LLP is related to any of the employees / Directors of the Bank, the details and relationship with such employees / Directors should be specifically mentioned in the application and the DDStCBank reserves the right to accept or reject the application depending on the merits/demerits of the case.
17. The DDStCBank has the discretion to withhold, consider, accept or reject any of the application based on any of the RBI / Government / ICAI / NFRA / Internal guidelines of the Bank.
18. The selected / empanelled audit firm should give their consent in writing / undertaking letter in the prescribed format agreeing to comply with and bound by the terms & conditions prescribed by the Bank. The empanelled / selected auditor / Audit Firm / LLP shall sign on the Do's & Don'ts statement in order to have proper "arm's length relationship" with the Branch / Department for which they shall be conducting Audit (Annexure –IV).
19. The Audit team shall conduct Quality Audit during Concurrent Audit and verify compliance of 100% of Part B observations and 10-15% of Part A observations of previous month. All non- compliance to be reported without exception.

20. The Bank has the discretion to consider or reject any of the applications based on any of the RBI/ Government / Internal guidelines of the Bank.

21. 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 empanelment.

II. Methodology of Empanelment:

1. The eligible interested LLPs / Firms / Proprietary Concerns should apply in the prescribed format posted on the Bank's website "<https://3dcoopbank.in/>" on or before the specified date. They should send the application to the **General Manager (Audit & Inspection), The Daman & Diu State Co-operative Bank Ltd., Audit & Inspection Department, Head Office, H.No. 14/54, First Floor, Dilip Nagar, Nani Daman-396 210.**

2. The applicants shall send one set of completely filled application and other forms scanned pdf copy to banks mail id **audit@3dcoopbank.in.**

3. Mere submission of application by the audit firms for appointment as Concurrent Auditor in The Daman & Diu State Co-operative Bank (DDStCB) shall not entitle them automatically for assignment. The application will be processed and the applicants selected for empanelment will be communicated in due course.

4. The appointment / allotment of branches shall be based on the availability of branches and number of audit firms in particular area. The Bank reserves the right to appoint / reject any audit firm for Concurrent Audit.

5. Based on the above, the audit firm will be provisionally selected for empanelment.

6. 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. Hard copy of application, duly signed by the authorized signatory. B. Self-attested Hard copies of:

(a) Copy of partnership deed / memorandum and Articles of association, **The Daman & Diu State Co-operative Bank Ltd., HEAD OFFICE, NANI DAMAN;**

(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. (Format as per Annexure II)

(f) Certificate issued by the Registrar of Companies (showing LLPIN).

(g) Copy of LLP Agreement signed by all the partners. (In case there is no LLP agreement, Schedule I of the LLP Act signed by all the partners).

(h) Copy of DIN/DPIN of the designated partners in case of LLP.

(i) Any other relevant enclosures/evidence / reports which audit firm has mentioned in the application.

7. On receipt of the above documents the Bank shall scrutinise the same and verify the correctness of application/annexures. Thereafter, the bank shall communicate the appointment initially by way of appointment letter.

8. 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.

9. 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.

10. 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. The Audit Firm shall give an undertaking letter in the prescribed format as per Annexure III.

11. In respect of firms which are not being selected, no communication will be entertained.

12. Bank may conduct a day's workshop for selected auditors for familiarisation of our terminologies before actual commencement of concurrent audit. No traveling / halting allowance or any such allowances will be payable for attending such workshops.

13. 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. 7 above.

14. The present offer of appointment is purely provisional and subject to the applicant taking up the audit assignment within the stipulated date.

15. 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.

16. 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.

17. The appointment of concurrent audit is purely contractual and for a specific period of 12 months.

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.

III. Methodology for review of the performance of the auditors:

1. 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 can be taken.

c) To pick up and report early warning signals in right time to alert the management.

d) To report serious irregularities/fraudulent activities noticed at the branch to management at the right time.

e) To ensure the quality of credit portfolio with due focus on credit appraisal, sanction, creation of security, end-use, monitoring, recovery aspects etc.

2. 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.

3. The Audit/Inspection Department will also evaluate the performance of the auditors at half yearly intervals based on the following parameters:

a. Adequacy of the coverage of audit areas and Quality, clarity of reporting, Skills of the Staff employed.

b. Timely detection and reporting of Income leakage as well as serious irregularities.

c. Timely reporting of serious irregularities, early warning signals, deficiencies in appraisal, disbursement, monitoring, detection and reporting of frauds/Special reports.

d. Physical verification of securities created charged to the Bank.

e. Reporting in technology / information security/KYC/AML/ CFT compliance areas.

f. Submission of jotting sheets to branches and follow up for rectification.

g. Timely submission of reports and obtaining of Compliance Reports from the branches and scrutiny thereof for ensuring proper rectification of deficiencies pointed out by the Auditor in the previous month's Concurrent Audit Report shall be done by the Concurrent Auditor.

h. Contribution to improvement in overall control by the branch.

i. The audit team should visit the branch for a minimum of **(i) Minimum 2 working days once in two months** in case of branches having aggregate business less than or equal to Rs.50 crores.

(ii) Minimum of 3 working days once in two months in case of branches having aggregate business more than Rs.50 crores.

4. (i) Failure to detect fraud or serious irregularities, which comes to the knowledge of bank at a later date or during subsequent audits / investigations, shall be treated as a deficient service & omission of serious nature.

(ii) In such cases, the names of such External Concurrent Auditors (who have done concurrent audit of the branch / unit which witnessed the fraud / serious irregularity during the corresponding period) shall be depanelled by our bank and they shall not be eligible for applying any future empanelment in our bank (such as credit audit, valuation of current assets, etc.) and the name of the audit firm shall be updated in Repository of depanelled ECAs maintained by IBA.

5. If the performance is found wanting, then the services of the auditors shall be terminated forthwith with intimation at the discretion of the Bank and such Audit firms shall stand derecognized.

6. The Bank may convene the meetings of select auditors at periodical intervals at the specified centres for interaction.

7. 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.

IV. Termination / cancellation of Empanelment / Appointment:

1. If the provisionally selected firm has not sent original hard copies of the application and other documents duly signed by them within the stipulated time, their provisional selection shall be rejected.
2. If any of the information / documents furnished by the auditor is found to be untrue / incorrect, the Bank's offer shall automatically stand cancelled without entertaining any further correspondence.
3. Deliberate omission of facts, information about disqualification which comes to the knowledge of bank at a later date.
4. Any serious acts of Commissions, omissions, misconduct, deviations in professional ethics or any other reason bank may deem fit and appropriate to the situation.
5. Reported disqualification as per Section 141 of Companies Act 2013 for appointment as auditors of the Bank and also as given in Section 141 of the Companies Act read with Rule 10 of The Companies (Audit and Auditors) Rules, 2014.
6. In case the application is rejected for reasons mentioned above, the Bank shall identify a new auditor for the branch, at its discretion and the applicant shall not claim any right for audit of said or any other branch.
7. Bank reserves the right to terminate & de-panel the empanelment forthwith without any notice and without assigning any reasons in case of (i) proven misconduct (ii) getting any adverse reports or adverse confidential information (iii) bank feels that its interests may be jeopardized, besides reserving its rights for initiating other action as deemed fit.
8. The empanelled ECAs may request for relinquishment of audit assignment due to reasons like death of partner, health grounds; availing of credit facilities from our bank either by the auditor or his relatives.
9. The appointment for Concurrent Audit is purely contractual and for a specific period of 12 months. However, the Bank reserves the right to terminate the contract at any point of time for whatsoever reasons as the Bank may deem fit.
10. Whenever, the assignment is terminated or relinquishment is permitted, the External Concurrent Auditors concerned are eligible for audit remuneration only up to the end of previous month for which a fully completed report is received. In such cases, Bank reserves the right (i) to adjust the same (audit remuneration) towards commission / omission if any or (ii) withhold the same for a period of 6 months or till suitable administrative decision is taken whichever is earlier.
11. After termination of the contract, the auditor / firm shall not use or keep any of the material information given by the Bank like Manuals, Circulars , memos / information handouts etc. or make any representations to public or outsiders as continuing this contract. The auditor / firm shall return all materials belonging to the

Bank after termination of this contract / agreement, unless otherwise instructed in writing by the Bank.

12. Whenever termination is made, the ECA shall have no right to demand fees for the unexpired period of empanelment/contract on any ground whatsoever.

13. 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 etc. 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.

14. Due to rationalization of branches, if any Branch/ Unit merge with another Branch/Unit you will be given opportunity to conduct Concurrent Audit of the acquired Branch subject to the acquiring Branch/ Unit is not under External Concurrent Audit. If the acquiring Branch is already under Concurrent Audit by External Chartered Accountant, then your firm shall forego the assignment and further if no new branch is allotted to your firm during the empanelled period i.e., from July to June, such period will also be counted as one complete year of empanelment. In this regard, decision of Audit & Inspection Department, Head office will be final.

B. Details of indicative Fee Structure: 1. Monthly Audit fee payable to External Concurrent Auditors. Aggregate Advances as at 31 March

Business (Loans plus Deposits outstanding)

<u>level of branches</u>	<u>Remuneration</u> including travel, boarding, lodging and incidental costs)
Less than or equal to Rs.50 crores) To be finalised by the Administrator/) Board after receiving quotations.
Above Rs.50 crores)
Other than branches any other administrative units)	

1. The Audit firm shall follow the time norms for completing the Audit and submitting the Audit report to the branch/Regional Office /HO Audit & Inspection Department. If there is any delay in submission of the report or the report is wanting in material aspect 10% of the monthly Audit Fee will be deducted without any further reference to the auditor till the deficiency continues. The 10% deduction is in the nature of penalty & is not refundable at a later date.

2. Audit fee will be paid (after deducting applicable TDS and any other type of tax as per Government rules) by the Audit & Inspection Department, Head Office within 7 days after receipt of monthly Audit Completion Certificate along with original invoice, as the case may be.

3. Other than the above, 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.
4. Fee structure will be reviewed solely at the discretion of the Administrator/Board.

IV. Methodology for conducting concurrent audit / reporting:

1. The audit team should be led by the Chartered Accountant – Proprietorship /Partner of the audit firm with experienced assistants 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. i. The audit team should visit the branch for a minimum of **(i)Minimum 2 working days once in two months** in case of branches having aggregate business less than or equal to Rs.50 crores.
(ii) Minimum of 3 working days once in two months in case of branches having aggregate business more than Rs.50 crores.
3. The audit firm shall conduct appropriate due diligence before employing any personnel who will be entrusted with the work of conducting the concurrent 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 / officials of Audit & Inspection Department, Head Office.
5. Auditor shall be guided by our Concurrent Audit manual, HO Circulars, Other 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. The Audit & Inspection Department will provide information on important circulars, guidelines & ITIOs (Instructions to Inspecting Officers) to the concerned auditors, at periodical intervals. No hard copies will be provided to the auditors.
6. Auditors shall ensure coverage areas in concurrent audit as per NABARD norms in Branches and Head Office (minimum items of coverage are given in Annexure I of NABARD circular 131/DoS-08/2017 Ref.No.NB.HO.DoS.CFMC/ 677/J-1/2017-18 dated 24.05.2017 and NABARD circular 55/DoS-09/2012 Ref.No.NB.DoS.HO. POL/4915/J-1/2011-12 dated 12.03.2012) besides RBI/NABARD/RCS guidelines issued from time to time.

7. In addition to the above the following are the Coverage Norms as per our Bank rules:

a. The main role of concurrent audit is to supplement the efforts of the Bank in carrying out simultaneous internal check of the transactions and other verifications and compliance with the procedures laid down.

b. The scope of concurrent audit shall be wide enough / focused to cover certain fraud - prone areas such as handling of cash, deposits, advances, off-balance sheet items, internet banking, etc.

c. In determining the scope, importance should be given to checking high-risk transactions having large financial implications as opposed to transactions involving small amounts.

d. All aspects of branch working including (income leakage; money laundering; physical assets like gold jewellery pledged; security items, etc.) shall also be looked into and significant audit areas should not escape the attention of the concurrent auditor.

e. Security verification charged to the Bank / perfection of documentation should be ensured.

f. The reporting format & certificates have to be updated by the concurrent auditors based on the Circulars and other administrative instructions issued from time to time, whenever required, besides ICAI guidelines.

g. The reporting format is a self-contained reporting document.

h. The auditors should keep watch on large withdrawals from cash credit accounts with limits of Rs.25 lacs and above and any deviations observed should be reported to the controlling office immediately.

i. The Transaction and Reconciliation position of internal office accounts and GLs transactions to be verified by the auditors and any deviations observed should be reported to the controlling office immediately.

8. The audit team should adopt the following procedure in the matter of reporting their findings.

a. Auditors to prepare jotting sheets, in duplicate, on daily basis duly listing the findings and hand over to the nodal officer at the branch at the end of the day against their acknowledgement and follow up for prompt rectification / spot rectification. The auditors shall also discuss their findings with the branch in charge at regular intervals.

b. As on the last day of the month, the audit firm shall prepare an Audit Summary report (as applicable) after discussing with branch in charge and submit it to the branch, controlling office i.e., Audit & Inspection Department of HO in whose jurisdiction the branch falls. Upon completion of the audit of the given branch in full

audit firm shall prepare a final report in triplicate within 10 days after discussing with the branch and the original copy of the final report duly acknowledged by the Manager shall be submitted to Regional Office & Audit & Inspection Department of Head Office immediately after completion.

c. The serious irregularities, if any, noticed shall be covered exhaustively in the executive summary submitted to the Regional/Head Office.

d. The serious irregularities are to be reported to the Regional Office / Head Office on the same day of detection / identification.

e. Any transactions of serious nature which is against normal banking practices / any other un-healthy 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.

V. Indemnities and penalties:

1. The ECA/s 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.

2. If the performance is found wanting, then the services of the ECAs may be terminated / blacklisted with due intimation at the discretion of the Bank and such Audit firms shall stand de-empanelled.

3. The above is without prejudice to referring the issues to the regulators/ professional body (ICAI / RBI / NABARD / IBA) and also claim damages for such unsatisfactory service, whatsoever by the firm or any of its employees.

4. The Audit firm shall follow the time norms for completing the Audit and submitting the Audit report to the branch / Regional Office / Regional Inspectorate. If there is any delay in submission of the report or the report is wanting in material aspect 10% of the monthly Audit Fee will be deducted without any further reference to the auditor till the deficiency continues. The decision of the General Manager, Audit & Inspection Department, Head Office shall be final in this regard.

VI. 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.

ANNEXURE - I

APPLICATION FOR EMPANELMENT OF CONCURRENT AUDITORS IN THE DAMAN & DIU STATE CO-OPERATIVE BANK LTD., NANI DAMAN FOR THE PERIOD 01.04.2025 TO 31.03.2026

1. 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: Individual / Proprietorship/ Partnership Firm/Limited Co.					
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)					
10	Service Tax 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 (DISA qualification may also be mentioned).					
	Name of the Proprietor / Partner/ Director	Contact Number	Educational Qualification	Membership Number	Year	Brief Profile
	A					
	B					
	C					
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	

2. 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 Auditors			
B. Statutory Branch Auditors			
C. Concurrent Auditors			
D. Income/Revenue Auditors			
E. System / IS Auditors			
F. Any other Special Audit / assignment allotted by 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, SME Branch, Housing Finance Branch, Any other State Co-op Bank / District Central Co-operative Bank / Commercial Bank / Gramin Bank).			
I. Any other relevant details / particulars of the Firm.			

3. FINANCIAL PROPOSAL FORMAT (For 01.04.2025 to 31.03.2026). ***

Quarterly Fee for Carrying out Concurrent Audit (Inclusive of GST & All Costs)			
Fee Quoted Per Branch Per Quarter	In Words Rs.		
	In Figures Rs.		
Fee Quoted Per Branch Per Annum	In Words Rs		
	In Figures Rs		

*** Total fee quoted above shall be inclusive of Professional Service, GST and Out of Pocket Expenses (Such as Travel, Lodging and Boarding, Conveyance, Printing, Administrative Expenses etc.) The Bank shall not entertain any other claims over and above the fee specified in the Financial Proposal. No additional fee will be paid by the Bank for time over run.

Date:

Place:

(Signature & Seal of the Audit Firm)

ANNEXURE II - LETTER OF ACCEPTANCE

(To be furnished on the letter head of the firm / Company on receipt of Offer through e-mail)

From	To:
	The General Manager (Audit & Inspection) The Daman & Diu State Co-operative Bank Ltd. Head Office H.No.14/54, First Floor, Dilip Nagar NANI DAMAN-396 210

SUB: Appointment as Concurrent Auditor - Letter of acceptance of terms & conditions.

REF: Your offer letter dated

This bears reference to your above offer letter appointing us as Concurrent Auditor for The Daman & Diu State Co-operative Bank Ltd.. Nani Daman for the period from 01.04.2025 to 31.03.2026.

1. We, (Name and address) Chartered Accountant/s hereby accept the offer of appointment of The Daman & Diu State Co-operative Bank Ltd., Nani Daman for the Concurrent Audit of Branch Unit 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 / Continuous 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 (a) the Audit work assigned to us will be carried out by our own staff and (b) no sub-contract of the work will be given and (c) we / the firm will make necessary alternate arrangements to ensure uninterrupted audit of the branch in case of any contingencies. (d) We will ensure continuity of audit staff.

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:

Bank Branch	/	Details of loan	Availed amount	Liability	Arrears/ Overdue, if any	Whether NPA

5. We also confirm that we are not disqualified under Section 141 of the Companies Act, 2013 read with Rule 10 of The Companies (Audit and Auditors) Rules, 2014 to accept this appointment.”

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 The Daman & Diu State Co-operative Bank Ltd. Nani Daman.

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 The Daman & Diu State Co-operative Bank Ltd., Nani Daman 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 the firm is liable for any damages caused to the Bank or any of its claims.

10. I, the main Partner / Director of M/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...../.....I am / they are partners/directors have been declared as (a) Willful defaulter (b) Non cooperative borrower 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 / IBA 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 (Offered to us now) branch/ unit.
13. We also note that our failure to inspect securities as stipulated and report serious irregularities to HO will attract disqualification from being continued as a concurrent auditor or other assignments by the Bank, and report the disqualification to RBI/ICAI/IBA.
14. We convey our acceptance to function as concurrent Auditors ofbranch/ unit 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 / NABARD guidelines issued from time to time and we undertake to be bound by such guideline or any other guidelines / instructions issued by Bank or to be issued by Bank to comply with the RBI / NABARD 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 / NABARD / the Bank.
17. The Bank is also at liberty to verify / inspect such records by the internal / external auditor of the Bank / RBI / NABARD / 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. We understand and agree that other than fee offered 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.

20. In case of any dispute the decision of the Bank is final and only the appropriate court in Daman, Union Territory shall have the authority in jurisdictional matter.

Date:

Place:

(Signature of the Authorized Signatory with seal)

(To be furnished on the letter head of the firm / company)

ANNEXURE III - LETTER OF UNDERTAKING:

From	To:
	The General Manager (Audit & Inspection) The Daman & Diu State Co-operative Bank Ltd. Head Office H.No.14/54, First Floor, Dilip Nagar NANI DAMAN-396 210.

1. We have read the bank's 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.
2. We hereby declare we are qualified under provisions of Section 141 of Companies Act 2013 for appointment as auditors of the Bank. We are not disqualified under Section 141 of the Companies Act, 2013 read with Rule 10 of The Companies (Audit and Auditors) Rules, 2014 to accept this appointment."
3. We hereby declare that all the partners of the firm are full time practicing Chartered Accountants.
4. 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.
5. We hereby declare that neither our Firm nor any of the partners have been disqualified/debarred/cautioned by ICAI / IBA / other regulatory bodies during the last 5 years.
6. 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.
7. 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.
8. We hereby declare and confirm that the above particulars are true, complete and correct and no other material information has been withheld.
9. The above particulars / information / details are given on behalf of the

applicant, by the undersigned who is authorized to do so.

10. We also undertake to abide by any other Terms & Conditions which the Bank may stipulate in compliance to RBI / Government guidelines or other internal guidelines of the Bank issued from time to time.

11. We also undertake to 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.

12. We understand that at the discretion of the Bank, the services of the auditors shall be terminated / blacklisted with / without due intimation when the performance is found wanting and such Audit firms shall stand de-empanelled. This is without prejudice to referring the issues to the professional body (ICAI and also RBI / IBA) and also claim damages for such unsatisfactory service, whatsoever by the firm or any of its employees.

13. We undertake to follow the time norms for completing the Audit and submitting the Audit report to the branch and / or HO. If there is any delay in submission of the report or the report is wanting in material aspect, we are liable to be forfeited 10% of the quarterly Audit Fee by the Bank without any further reference to us till the deficiency continues. The decision of the GM, Head Office, shall be final in this regard.

14. We confirm that Proprietor / Partner of the Audit firm / designated partner of the LLP is not a Director on the Board of the Bank.

15. We confirm that we are not partner / Designated Partner of any Audit firm where a director on the Board of the Bank is a partner.

16. We confirm that no relative or close relative of the Proprietor / Partner of the Audit firm / Designated partner of a LLP are working / have worked in the last 3 years in the branch allotted for empanelment.

17. We do not have statutory audit (Central audit or Branch Audit), credit audit, valuation of fixed / current assets or any other similar assignments with The Daman & Diu State Co-operative Bank Ltd., Nani Daman. We undertake to inform Inspection Cell of HO, if we are appointed as Statutory Auditors of the Bank and to relinquish the Concurrent Audit, only after completing the concurrent audit and submitting the report up to the month in which the appointment as Statutory Auditor is made.

18. We are aware that if a firm of Chartered Accountants associated with The Daman & Diu State Co-operative Bank Ltd. Nani Daman as “statutory auditors” for the prescribed period - not exceeding 4 years is rested - during the rest period (or called cooling period), the Statutory Auditor shall not be considered for appointment as concurrent auditor. We confirm that we have not been appointed as Statutory Auditors of The Daman & Diu State Co-operative Bank Ltd., Nani Daman or its branches and also confirm that we/our firm is not in the “Cooling Period” under Statutory Audit.

19. We, the proprietor / firm / any partners of the firm, or any of our clients do not have any credit facilities with the auditee branch, mentioned above, (excepting for credit facilities against our / their own deposits - if any). If such credit facilities are availed, we are aware that the appointment for concurrent audit will be terminated with immediate effect.

20. We, the Proprietor / firm / any partners of the firm do not have any disciplinary matters pending with ICAI/RBI/IBA/National Financial Reporting Authority (NFRA) and we have not suffered any disqualification.

21. We confirm that our services have not been terminated or stopped by The Daman & Diu State Co-operative Bank Ltd., Nani Daman earlier for (i) want of satisfactory performance or (ii) serious acts of commission or omission or (iii) professional misconduct or (iv) any other reason.

22. We are aware and accept that if renewal of empanelment is considered, under exigent conditions, Bank may change the allotment of auditee unit / branch for any administrative reasons.

23. We understand and agree that in the event of merger / closure of the auditee Branch during the period of concurrent audit, due to any administrative exigencies, the Bank at its discretion, may allot a new branch in the same city for Concurrent audit for the remaining period of concurrent auditor's tenure (i.e. up to 30th September) subject to availability and if new branch is allotted, the Concurrent Auditor has to commence the audit for the month from which the previous concurrent audit of the new branch was completed. The fees payable shall be as applicable to the merged / closed Branch in which the concurrent auditor was doing the audit till the merger/closure. If suitable Branch is not available / could not be allotted, it is acceptable to us to forgo the assignment.

24. If any Fraud / Income leakage unearthed in the Branch at a later date eventually or during any other audits pertaining, we shall be liable for explanation and action taken in this regard.

25. In case of any dispute, the decision of the Bank is final and only the appropriate Courts in Daman, Union Territory shall have the jurisdictional authority.

26. We confirm that we have read and understood all the Terms and Conditions enumerated in the notification published in the Banks Website at the time of initial empanelment, comprehensively, and explicitly undertake to abide by all the Terms and Conditions laid down by the Bank for empanelment of external concurrent Auditors.

27. We accept and confirm that if there is any delay in submission of the report or the report is wanting in material aspect, 10% of the quarterly Audit Fee shall be deducted without any further reference to us till the deficiency continues. The decision of the GM, HO shall be final in this regard. The 10% deduction is in the nature of penalty & is not refundable at a later date.

28. We accept that whenever, the assignment is terminated or relinquishment is permitted, the audit remuneration will be paid only up to the end of previous quarter for which a fully completed report is received.

29. We accept that after termination of the contract / relinquishment of the assignment, we shall not use or keep any of the material information given by the Bank like Manuals, Information Handout etc. or make any representations to public or outsiders as continuing this contract.

Date:

Place:

Signature

Name of the Auditor

Membership Number.....

Name of the firm

(To be furnished on the letter head of the firm / Company)

ANNEXURE IV - Compliance of DO's AND DON'Ts

From	To:
	The General Manager (Audit & Inspection) The Daman & Diu State Co-operative Bank Ltd. Head Office H.No.14/54, First Floor, Dilip Nagar NANI DAMAN-396

Sub: Empanelment as Concurrent Auditor - Compliance of DO's AND DON'Ts.

We undertake to ensure compliance of the Dos and Don'ts as furnished below and undertake not to deviate from any of the issues contained therein.

Dos: The Auditor shall

1. Conduct pre-concurrent audit study of the branch by getting all relevant information of the auditee branch / office (as stated in the engagement letter)
2. Prepare proper audit plan based on 1 above, covering all the areas of the scope, keeping in the view the time lines stipulated.
3. Have a structured introductory meeting with the auditee branch office and seek all the information required in advance with proper time Schedule.
4. Introduce the audit team to the officials of the auditee branch / office.
5. Constitute Audit team with senior and experienced members as required.
6. Display team spirit and avoid misunderstandings/ arguments in the presence of auditee branch / office officials.
7. Ensure that findings are factual to the point, complete in detail and clear.
8. Be precise and comprehensive without missing links while preparing the report.
9. Be practical in his approach and view things in proper perspective.
10. Present a qualitative report rather than a bulky report. (Bulky report is not the criterion for judging one's performance. It is the quality of report that matters)
11. Be competent and possess high degree of integrity to command respect from auditee branch / office.
12. Discuss findings with branch officials on daily basis and try to rectify the defects then and there itself.
13. Give auditee branch / office officials, a chance to express their opinion while discussing the issues. Getting proper explanation in a co-operative atmosphere will save precious time.
14. First discuss with the leader of his team in case of difference of opinion with auditee branch / office officials. Further discussion on a higher level may be made, if required.

15. Report the matter to the leader of the team immediately in case, he comes across any information which causes him to suspect any element of fraud, gross negligence, gross incompetence or similar unfavourable actions or tendencies.
16. Maintain utmost secrecy of the information/ audit observations/ issues etc. relating to the auditee.
17. Shall be punctual and observe the office timings of the branch / office.
18. Be courteous, cooperative and professional.
19. Ensure that there is no conflict of interest.

Don'ts: The Auditor shall

1. Not have any professional or commercial relationship either direct or indirect with borrowers/ beneficiaries of the branch which he is auditing and also will not have such relationship in future as far as possible for a minimum period of three years.
2. Not take advantage of his association as Concurrent Auditor with the branch of the bank and canvas for any client/ business with the bank either directly or indirectly.
3. Not represent on behalf of any client/ customer of the bank for a minimum period of as far as possible three years after the completion of term of the audit.
4. Not share/ pass on / discuss any audit related observations / issues/ findings with anyone other than concerned in the bank.
5. Not jump to conclusions without documentary evidence & sensationalize the issues.
6. Not use offensive language during discussions or in the reports.
7. Not offer general comments on internal control as “good / satisfactory / needs improvement etc., but substantiate with detailed observations.
8. Not direct the branch / office to follow a procedure which is not in our Manual of Instructions/ Circulars.
9. 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.
10. Not get involved in heated argument with auditee branch/ office officials.
11. Not give orders to auditee branch / office officials, but seek requirements from the officer assigned to assist him on a particular job. The concerned officer would issue the necessary orders to their employees if he accepts inspector's suggestions and recommendations.
12. Not delay the submission of audit report.

PLACE:

DATE:

(Signature of the Authorized Signatory with seal)

ANNEXURE-V

LIST OF BRANCHES AND HEAD OFFICE SELECTED FOR THE CONCURRENT AUDIT (PERIOD 01.04.2025 TO 31.03.2026)

1. HEAD OFFICE

THE DAMAN & DIU STATE CO-OPERATIVE BANK LTD. NANI DAMAND

**Head Office: H.No.14/54
First Floor, Dilip Nagar, Nani
Daman -396 210**

Mobile No. 9046177100, Email : 3dcoopbank.in

2. Branches Selected for the Concurrent Audit (Period 01.04.2025 to 31.03.2026)

(Rs. In Crore)					
Serial No	Branch Name	Address of the Branch	Mobile No. of the Branch	Deposit as on 31.03.24	Loans & Advances as on 31.03.24
1	Nani Daman	H.No.14/54 Ground Floor, Dilip Nagar, Nani Daman – 396 210	9726607909	183.41	102.84
2	Moti Daman	Bithania Complex, Opp. Petrol Pump, Near Municipal Market, Moti Daman- 396 220	9537625299	58.33	15.00
3	Bhimpore	Dori Kadiya, Bhimpore Daman-396 210	9879255644 6358929591	59.78	22.16
4	Kachigam	Sabir Complex, Ground Floor, Kachigam, Daman 396210	9537625299	14.10	13.42
5	Somnath	Somnath Circle, Somnath Plaza, Somnath, Daman- 396 210	9879255644 6358929591	30.14	14.73
6	Diu	Gandhi Bhuvan, Bander Chowk, Diu -362520	9825281951 6358929595	137.74	33.97
7	Vanakbara	Main Road, Opp.Public Health Center, Near Bus Stand, Vanakbara-362570	9898295398	49.14	16.25
8	Ghoghla	Panchayat Chowk, Main Road, Ghoghla-362540	9574074079	56.52	10.16
9	Fudam	Main Road, Gangeshwar Road, Fudam Diu 362520	9265905488	60.66	21.47

ANNEXURE-VI

NOTE ON CONCURRENT AUDIT

1. Introduction

1.1. A High level Committee set up by the RBI at the instance of Government of India under the Chairmanship of Shri A. Ghosh, the then Deputy Governor, to enquire into various aspects of frauds and malpractices in banks, had recommended in its report, submitted in June 1992 that a system of Concurrent Audit should be introduced at large and exceptionally large branches to serve as administrative support to branches, help in adherence to prescribed systems and procedures and timely detection of lapses/irregularities.

1.2. With a view to standardising the scope of the concurrent audit system, an informal group set by the RBI comprising senior officers of some large commercial banks and the representatives from the Institute of Chartered Accountants of India examined the various aspects covered are enumerated below:-

1.2.1. Scope of Concurrent Audit.

1.2.2. Types of branches to be covered.

1.2.3. Types of activities to be covered.

1.2.4. Agency to carry out the concurrent audit.

1.2.5. Periodicity of reporting and follow-up of the findings of the concurrent auditors.

1.2.6. Remuneration payable to external auditors and related matters.

1.2.7. Accountability aspects.

1.3. The views emerged in the Group's discussions are detailed below which could be considered for adoption by all the State and District Central Co-operative Banks. An attempt has been made to modify certain aspects suitable to the present requirements of all co-operative banks.

2. Scope of Concurrent Audit

2.1. Concurrent audit is an examination, which is contemporaneous with the occurrence of transactions or is carried out as near thereto as possible. It attempts to shorten the interval between a transaction and its examination by an independent person not involved in the documentation. There is an emphasis in favour of substantive checking in key areas rather than test checking. This audit is essentially a management process integral to the establishment of sound internal accounting functions and effective controls and setting the tone for a vigilance internal audit to preclude the incidence of serious errors and fraudulent manipulations.

2.2. A Concurrent Auditor may not sit in judgment of the decision taken by the bank/branch manager or an authorised official. However, the auditor will necessarily have to see whether the transactions or decisions are within the policy parameters laid down by the Head Office/Board of Directors/Administrator, they do not violate the instructions or policy prescriptions of the Reserve Bank of India/NABARD and that they are within the delegated authority and in compliance with the terms and conditions for exercise of delegated authority.

3. COVERAGE OF BUSINESS/BRANCHES

3.1. The suggested coverage may be as under:-

3.1.1. The Departments/Divisions at the Head Office dealing with treasury functions viz., investments, funds management including inter-bank borrowings, bill rediscount, and foreign exchange business are to be subjected to concurrent audit. In addition, all branch offices undertaking such business, as also large branches and dealing rooms have to be subjected to continuous audit.

3.1.2. The branches, which are continuously getting poor or very poor rating in the bank's annual inspection/audit and where the housekeeping is extremely poor may be covered. It is proposed to cover all the branches in Daman and Diu Regions and the Regional Office, Diu.

3.1.3. Bank may also include additional branches at their discretion on the basis of need; that is their professional judgement about the overall functioning of the branches.

4. TYPES OF ACTIVITIES TO BE COVERED

4.1 The main role of the concurrent audit is to supplement the efforts of the bank in carrying out simultaneous internal check of the transactions and other verifications and compliance with the procedures laid down. In particular, it should be seen that the transactions are properly recorded/ documented and vouched. the concurrent auditors may broadly cover the following items:

4.1.1 Cash

4.1.1.1 Daily cash transactions with particular reference to any abnormal receipts and payments.

4.1.1.2 Proper accounting of inward and outward cash remittances.

4.1.1.3 All cash balances both in counter and in the safe must be verified on surprise basis and suitable observations must be made in the Cash Register and Vault Cash Register.

4.1.1.4 Expenses incurred by cash payment involving sizeable amount.

4.1.1.5. Reconciliation of Current Accounts with other banks by the branches on a daily basis by obtaining viewing rights from the concerned bank.

4.1.2 Investments

4.1.2.1 Ensure that in respect of purchase and sale of securities, the branch has acted within its delegated power having regard to its Head Office instructions.

4.1.2.2 Ensure that the securities held in the books of the branch are physically held by it.

4.1.2.3 Ensure that the branch is complying with the NABARD/RBI/Head Office/Board guidelines regarding BRs, SGL forms, delivery of scrips, documentation and accounting.

4.1.2.4 Ensure that the sale or purchase transactions are done at rates beneficial to the bank.

4.1.3 Deposits

4.1.3.1 Check the transactions about deposits received and repaid.

4.1.3.2 Percentage check of interest paid on deposits may be made, including calculation of interest on large deposits.

4.1.3.3 Check new accounts opened. Operations in new Current/SB accounts may be verified in the initial period itself to see whether there are any unusual operations. Also examine whether the formalities connected with the opening of new accounts have been followed as per RBI instructions.

4.1.4 Advances

4.1.4.1 Ensure that loans and advances have been sanctioned properly (i.e. after due scrutiny and at the appropriate level).

4.1.4.2 Verify whether the sanctions are in accordance with delegated authority.

4.1.4.3 Ensure that securities and documents have been received and properly charged/registered.

4.1.4.4 Ensure that post disbursement, supervision and follow-up is proper, such as receipt of stock statement, instalments, renewal of limits, etc.

4.1.4.5 Verify whether there is any misutilisation of the loans and advances and whether there are instances indicative of diversion of funds.

4.1.4.6 Check whether the letters of credit issued by the branch are within the delegated power and ensure that they are for genuine trade transactions.

4.1.4.7 Check the bank guarantees issued, whether they have been properly worded and recorded in the register of the bank. Whether they have been promptly renewed on the due dates.

4.1.4.8 Ensure proper follow-up of overdue bills of exchange.

4.1.4.9 Verify whether the classification of advances has been done as per RBI guidelines.

4.1.4.10 Verify whether the submission of claims to DICGC is in time.

4.1.4.11 Verify that instances of exceeding delegated powers have been promptly reported to Controlling/Head Office/Board by the branch and have been got confirmed or ratified at the required level.

4.1.4.12 Verify the frequency and genuineness of such exercise of authority beyond the delegated powers by the concerned officials.

4.1.4.13 Ensure that loans outstanding against FDRs should not exceed the maturity value of the fixed deposits lodged with the branches. Efforts made by the branches to close the loan account on the date of maturity of the FDRs by crediting the deposit proceeds may be examined and commented upon.

4.1.4.14. Ensuring 100% KYC compliance in all Operative and Inoperative accounts both in deposits and borrowal accounts by the branches.

4.1.5 Housekeeping

4.1.5.1 Ensure that the maintenance and balancing of accounts, Ledgers and registers including clean cash and general ledger is proper.

4.1.5.2 Ensure prompt reconciliation of entries outstanding in the inter-branch and inter-bank accounts, Suspense Accounts, Sundry Deposits Account, Drafts Accounts, etc. Ensure early adjustment of large value entries.

4.1.5.3 Carryout a percentage check of calculations of interest, discount, commission and exchange.

4.1.5.4 Check whether debits in income account have been permitted by the competent authorities.

4.1.5.5 Check the transactions of staff accounts.

4.1.5.6 In case of difference in clearing, there is a tendency to book it in an intermediary suspense account instead of locating the difference. Examine the day book to verify as to how the differences in clearing have been adjusted. Such instances should be reported to Head Office/Board of Directors in case the difference persists.

4.1.5.7 Detection and prevention of revenue leakages through close examination of income and expenditure accounts/transactions.

4.1.5.8 Check cheques returned/bills returned register and look into reasons for return of those instruments.

4.1.5.9 Checking of inward and outward remittances (DDs. MTs and TTs).

4.1.5.10 Efforts made by the branch in minimising the number of pending entries in FDR matured but not paid cases.

4.1.5.11. Whether branches are furnishing details of such cases where the customers are not reachable to Head Office for monitoring the amount of FD matured but not paid/renewed.

4.1.6. Other items

4.1.6.1 Ensure that the branch gives proper compliance to the internal inspection/audit reports/circular/advisory issued by the Bank from time to time.

4.1.6.2 Ensure that customer complaints are dealt with promptly.

4.1.6.3 Verification of statements, HO returns, statutory returns.

4.2. The aforesaid list is illustrative and not exhaustive. The banks may, therefore, add other items to the list, which in their opinion are useful for the purpose of proper control of the branch operations. In the context of volume of transactions in the large branches it may not be always possible for the concurrent auditors to do a cent percent check. They may, therefore, consider adopting the following norms:

4.2.1 In certain areas, such as off balance sheet items (Letters of Credits and Bank Guarantees), investment portfolio, fraud prone/sensitive areas, advances having outstanding balances of more than Rs. 5 lakh, if any unusual feature is observed, the concurrent auditors may conduct cent percent check.

4.2.2 In the case of areas such as income and expenditure items, inter-bank and inter-branch accounting, interest paid and interest received, clearing transactions, and deposit accounts, the check can be restricted to 10 to 25 per cent of the number of transactions.

4.2.3 Where any branch has poor performance in certain areas or requires close monitoring in housekeeping, loans and advances or investments, the concurrent auditors may carry out intensive checking of such areas.

4.2.4 Concurrent auditors may concentrate on high value transactions having financial implication for the bank rather than those involving lesser amount, although number-wise they may be large.

4.2.5 If any adverse remark is required to be given, the concurrent auditors should give reasons therefore.

4.2.6 Concurrent auditors may themselves identify problem areas at branch level/bank and offer their suggestions to overcome them.

4.2.7. Verify the postage and other expenditure vouchers, even though they might have been passed by the Passing official in a routine manner, to ensure that they are supported with necessary bills and cash receipts. No cash payments should be made

for amounts exceeding Rs.500/- to any supplier/vendor/agency may be verified and commented upon.

4.2.8. Any system of passwords sharing come to the notice of the Concurrent Auditor may be reported to Head Office immediately.

4.2.9. Whether the Branch is generating Exceptional Reports on a daily basis.

- Debits to Income Account
- Limit expired
- Insurance expired
- Balance exceeds Security value
- Change of Master data
- Dormant account activated
- KYC Renewal due
- Balance exceeded Account limit
- Manual debits to Income Account
- Value Dated Transactions
- Manual entry for SI failure cases
- Instrument passed against Clearing

4.2.10 Concurrent Auditor must specifically comment about maker-checker compromise, if any, noticed as also opening of dummy accounts, if any, by the branches visited.

5. Indicative Scope of Work for Head Office and Diu Regional Office

i. The firm will cover the departments of The Daman & Diu State Co-operative Bank Limited, Head Office, Nani Daman and Regional Office, Diu Sections/ Departments situated at the Head Office Building, DDStCB, Nani Daman:

- a) Central Establishment
- b) Human Resource Management Department
- c) Integrated Banking Department
- d) Information & Technology Cell
- e) Loans Department
- f) Accounts Department
- g) Legal Cell
- h) Investment Department
- i) Inspection & Audit Wing
- j) General Administration/Training

k) Any other Concurrent Audit work as per RBI/NABARD/RCS instructions/ guidelines.

ii. On an average the number of vouchers to be checked by the Concurrent Auditor on a monthly basis would approximately be 200. However, this number is only indicative in nature and there may be an increase/ decrease in the number of vouchers based on the requirement of the office/ department.

iii. Concurrent Auditors are expected to familiarise themselves with the system and procedures of the Office/ Department and expected to go through all the relevant circulars/ guidelines issued by the Bank from time to time, the provisions incorporated in the relevant manuals, Expenditure Rules, etc.

iv. Concurrent Auditors are expected to familiarize themselves with the application developed by the Bank for the audit purpose, viz., the Audit Management System (AMS) and submit report/s and create action paras (including rectified paras) as required by the Bank.

v. The Concurrent Auditor should undertake the scrutiny of vouchers with particular reference to the following aspects:

a. Adherence to the Bank's Expenditure Rules: Narration and accounting under the proper head of accounting, correct accounting of revenue and capital nature of expenditures.

b. Maintenance of all relevant accounts (Such as RBI General A/C, SGL, supporting Records/ Registers etc.) as per prescribed norms.

c. Inter-office Auto Reconciliation A/c, Adjustments A/c. d. Reconciliation and monitoring of Charges A/c at monthly interval.

d. Calculation of claims of agency commission.

vi. The Checklist gives in detail the financial and non-financial areas that need to be looked into while conducting the audit. Concurrent Audit as per checklist is mandatory.

vii. The Concurrent Auditor should take up audit of vouchers/ records/ registers on the agreed dates/ days in consultation with the respective department.

viii. The Concurrent Auditor is required to identify deficiencies noticed, if any, for spot rectification.

ix. The Concurrent Auditor is expected to verify and report that the financial transactions undertaken are in conformity with the laid down system and procedure/s of the Bank.

x. The Concurrent Auditor would be required to verify reports related to the periodical Income Review Statement, Income Statement, Carry Forward Provision Report, etc., as per the requirement of the Office/ Department.

xi. The Concurrent Auditor's functions as specified above may be enhanced at a future date as per the requirement of the Office/ Department.

xii. The Concurrent Auditor shall assist the Bank's staff in determination of all statutory taxes and returns thereof. The firm will prepare and file GST/ Income Tax Returns of the Bank (and also any other related return/s which may come in force subsequently) at the designated intervals.

xiii. The Concurrent Auditor would be required to verify HSNs for ITC eligibility, GSTN active status of the seller and PAN status of the seller. Other miscellaneous works regarding notification, if any, received from various tax authorities. Reporting requirements:

i. Monthly Audit Report and Certificate should be submitted to the Bank in the prescribed format and the same should be uploaded in the specified portal within 10 working days from the end of the month to which the report pertains.

ii. Monthly Audit Report should indicate item-wise action points on the financial and nonfinancial (major and other) action paras.

iii. Monthly Audit Report should also indicate status of compliance in respect of action points pertaining to audit report which was rectified during the month and the reason for delay, of the outstanding compliances, if any.

iv. Monthly Audit Report should highlight the reasons for inaction in respect of old outstanding entries in sensitive accounts, such as Suspense, Sundry, etc.

v. Irregularities noticed in sensitive areas and/ or transactions of suspicious nature should be brought to the notice of the General Manager (Audit & Inspection)/ Managing Director by recording a special note.

vi. Concurrent Audit report should incorporate specific comments, wherever required, duly supported by facts and figures.

vii. Major irregularities/ frauds/ leakages in income, if any, identified should be brought to the notice of in charge of auditee office, concerned Central Office Department and Inspection Department.

viii. The Concurrent Auditor should also submit a monthly Statutory and Regulatory Compliance Certificate confirming that they have carried out 100% check of transactions and there is 100% compliance with Statutory and Regulatory requirements prescribed in relevant Statutes/ Rules/ Acts by RBI/NABARD.

4. SYNOPSIS FOR CONCURRENT AUDITOR TO UNDERTAKE AUDIT OF THE BANK

A. General:

1. An index of areas (Scope of Audit) on which Concurrent Audit firm may draw monthly audit scrutiny report will be given at the time of appointment. The Concurrent Audit firm will also include in the Index additional audit area/s assigned to them from time to time.

2. The Concurrent Auditor will obtain and familiarise themselves with:

a) All the items of audit areas of Audit Department's check-list provided by Head Office.

b) Updated copy of the General Administration Manual, Expenditure Rules of DDStCB, 2024 available with the Audit department of the Bank to be audited.

c) All the relevant copies of Circulars issued by the Administration, Loans & Advances, Legal Department, Accounts Department, and other Departments. The audit firm will also arrange to make reference to the Head Office circulars incorporated in the annexures attached.

d) Core Banking System of the Bank for which read-only access will be provided to the CA.

e) **Bank's Expenditure Rules**

B. Financial:

1. Financial transactions of all the departments irrespective of their value, will be covered under the scope of Concurrent Audit. The vouchers scrutinized will strictly adhere to the Bank's prescribed guidelines/ procedures with particular reference to following:

a) Bank's Expenditure Rules.

b) Narration and Head of Account of Revenue/ Capital (Dead Stock Account) A/c Expenditure.

c) Sanctioning authority with reference to cadre wise delegated powers.

d) Correctness of the postings of transactions in the respective accounting packages.

2. All financial transactions irrespective of their value will be covered under concurrent audit including the following:

a) Hospitalization bills of existing as well as ex-employees (Direct settlement/ Reimbursement Scheme).

b) Claims settled under Medical Assistance Fund A/c.

c) All Dental treatment and other medical claims.

d) Pension/ Family pension/ Ex-gratia/ Family ex-gratia calculation in respect of Retirees/ Family Pensioners, Compassionate Gratuity and package calculation in respect of deceased employees.

e) Re-fixation of pay of the staff as well as re-fixation of pension in respect of ex-employees, whenever Pay-Scale/ Pension Revision Orders are issued by Head Office.

f) All payments of rents, taxes, water charges, etc.

g) All payments made to vendors/ suppliers/ service providers.

h) Arrear payments/ recoveries to be made on revision of minimum wages components such as ESIC, PF, base wages, etc.

i) Any other claims/ bills suggested for 100% audit check under the instructions of C.O of the Bank, issued from time to time.

3. Concurrent Auditor will certify the correctness of

(i) maintenance of Statutory Liquidity Ratio (SLR)/ Cash Reserve Ration (CRR) by the DDStCB, and reported through Form I returns and

(ii) calculation of penal interest on shortfall by StCB, if any.

4. A certificate regarding the below-mentioned instructions are to be furnished to our Audit & Inspection Department, Head Office, Nani Daman on a monthly basis:

a) All financial sanctions will be subjected to Concurrent Audit. Excess/ irregularity in financial sanctions by the authority below the rank of Officer-In-Charge (O-i-C) will be reported to the O-i-C and also to the Audit & Inspection Department and all irregular sanctions by the O-i-C will be reported to the Audit & Inspection Department directly by the Concurrent Auditor. In case no irregularity is observed, a 'NIL' statement will be sent by the Concurrent Auditor to the Audit & Inspection Department.

b) Financial powers exercised by the General Manager and Managing Director will be reported by the Concurrent Auditor to the Audit & Inspection Department.

c) The Concurrent Auditor should indicate whether the exercise of financial sanction/ financial powers by the Officers of the Bank and the Managing Director are as per the extant DDStCB's Expenditure Rules, 2024.

C. Non-Financial: Apart from carrying out 100% checks of afore-mentioned transaction-based vouchers/ claims/ bills etc., Concurrent Auditor will also examine/ scrutinize the following:

a) Surprise audit check of Cheque Books/ Stamps and other valuables held under the joint custody of officials, as per Bank's guidelines/ Manual provisions carried out by the auditee officials. Concurrent Auditor will undertake the same at least once in a half year.

b) Preservation of Housing Loan Account Documents, other documents, Agreements, Cheque Books, Stationery Items, Computer Consumables and Valuables and safe custody of Cheque Books and valuables.

c) Preparation and timely submission of correct monthly statements of Suspense A/c, Sundry Deposit A/c, etc. and other monthly statements to be forwarded to Head Office. Lists of long and high value outstanding entries in these sensitive accounts beyond two months will be enclosed and commented in the reports.

d) Maintenance of manual prescribed registers and follow up of all outstanding entries at the Office.

e) Reconciliation, monitoring and certifying correctness of the balances in Charges A/c at monthly and quarterly rests; Charges A/c review suggested as per the Bank's guidelines vis-a-vis approved budget allocation.

e) Monthly balancing/ reconciliation of aggregate outstanding balances of Individual Staff Housing Loan Recovery Accounts Sheets with the GL and SGL a/c balances.

f) Application of Annual Interest on the outstanding balances of Staff Housing Loan Accounts, and passing of accounting entries to the Commission Account, Exchange Account, Discount Account, Profit & Loss Account from sale or otherwise of Bank's assets, Depreciation and all other relevant Provisions Accounts and drawing up of Half Yearly Closing/ Annual Closing Accounts etc. strictly in conformity with the Head Office guidelines etc.

g) Examine/ scrutinize the monthly balancing of Provident Fund accounts maintained in respect of Bank's employees, application of Half Yearly interest on PF balances, advance/ withdrawal from PF balances, refund of PF balances.

h). Concurrent Auditor will ensure that there is no leakage of interest, exchange, commission, discount etc. in the Bank's Income Account audited and that the delegatee/s at the Bank's concerned office does/ do not undertake any unilateral change/s in the prescribed circulars/ instructions/ guidelines on the various schemes and other facilities for staff. Any income leakage/ deviations made, without specific prior approval of the concerned Head Office department, may be highlighted in the monthly Audit Report submitted to the concerned Regional Director for immediate action/ rectification.

i) Concurrent Auditor should verify the entries in the system with reference to the actual transactions/ sanctions.

j) Checking of the insurance of Bank's properties.

k)) Adherence to Bank's new fixed assets policy and verification of reconciliation of dead stock by Administrative Department.

D. Taxation: 1. The Concurrent Auditor should assist the Bank's staff in determination of all statutory taxes and returns thereof.

2. The Concurrent Auditor should check and confirm the correctness of Tax Deducted at Source (TDS) / Tax Collected at Source (TCS) with respect to Income Tax Returns (e.g., the rate applied, time of deduction and time of remittance etc.), prepare, compile and ensure timely filing of all the applicable returns (26Q/ 27EQ) with the authorities concerned, covering the following aspects:

i) Generation of Form 16/16A and form 27A/27D in the name of designated Tax Deductor for on bulk basis.

ii) Forwarding the PRN copies/acknowledgement receipts of TDS/TCS filing within a reasonable time, preferably on the same day of filing.

iii) Forwarding the TDS/TCS certificates within 15 days from the date of filing. iv) Providing consultancy on notices received from the Income Tax Department, if any.

3. The successful firm will also prepare and file all GST returns (Current GST returns - GSTR 7/ GSTR 1/ GSTR 3B/ GSTR 9 & 9C) of the Bank (and also any other related return/s which may come in force subsequently) at designated intervals and within the timelines prescribed by GSTN portal, covering the following aspects:

i) Checking, interpreting, understanding GST rules, laws (and also CTC guidelines), responsibilities, timelines, new / modified notifications and returns etc. as may be required to comply with extant GST regulations, including updating with relevant amendments and notifications of GST as applicable to DDStCB.

ii) Checking of each individual invoice for correctness (i.e. rate of GST for given HSN code, applicability of SGST/ IGST, checking of intra/interstate transaction, GSTIN number etc.) and arriving at the overall GST liability of the office. Authentication by GST auditor on each invoice with signature & stamp.

iii) Calling of data from Accounts department in specific format suitable for each GST return (Accounts department being the nodal department in the Bank responsible for filing GST returns).

iv) Compilation of data for each return and carrying out necessary checks and balances (including claiming of Input Tax Credit by the Bank) before filing the return.

v) Uploading of correct GST data on GST portal of the Government for each return. Generation of Challan on GST Portal and providing copy to Estate Department for remittance of NEFT with at least one day in advance of last date of filing such return.

vi) Filing of return without delay prior to last date (not on Saturday/Sunday /Holiday).

vii) Providing a copy of filing return with screenshot of filing to Estate Department.

viii) Providing a monthly and yearly report on completion of the activities and areas of concern.

- ix) If required, lodging grievance and follow up for closure of ticket.
 - x) Providing consultancy and all necessary help to DDStCB, in case tax notice is received from tax authorities, clarifications sought by the Bank etc.
 - xi) Any on-site work related to e-invoices of the office, such as linking of Invoices etc.
 - xii) The work needs to be managed on-site only. No data will be provided over email/ in physical form.
 - xiii) On-site support to be provided for data compilation, checks and balances, filing of returns and generation of e-invoices.
 - xiv) During the period of contract, the auditor needs to assess the requirements to be fulfilled on behalf of the DDStCB.
 - xv) Any modification in filing of returns, new rules, notifications by the Government, additions of returns to be fully complied by the auditor.
 - xvi) Filing of each GST return on Government website without delay (prior to last date) in such a way that no penalty charges are invoked under the GST. Any such penalty if levied by the Government to be borne by the auditor.
 - xvii) Auditor to submit monthly report on completion of all returns for a month which may indicate - types of returns filed, date of filing and clearly indicating that the activities were completed successfully without any delay.
 - xviii) Bank may not give any specific permission to work on non-working Saturday Sunday/ Holiday. The activities must be completed on working days before the deadline set by the Government.
 - xix) You are expected to identify and report the problems faced during the specified work to enable us to overcome them, if possible.
 - xx) There should not be any delay on your part with respect to the statutory provisions relating to filing of GST returns, as prescribed under GST Act, 2017.
 - xxi) You are requested to note that any late reporting or wrong reporting of GST filings and any penalty arising therefrom, will not be borne by the Bank and the penalty and the responsibility on such cases will lie solely on you.
 - xxii) The Bank will hold ownership of the entire data.
4. The Concurrent Auditor should inform the Office on changes in GST rates/ rules/ laws, changes in the minimum wages (base rate, ESIC, PF, etc.) as and when notified by the concerned Government Departments from time to time to enable the Office to effect immediate implementation of the changes.

E. Confirmation of Balances: The Concurrent Auditor will undertake:

- a) Concurrent Audit of books of accounts, records, registers, periodical Head Office prescribed control returns and statements etc. at the Head Office and Diu Regional Office.
- b) Registers to be verified by the auditor may include Sundry Register, Charges Register, Earnest Money Deposit/ Security Deposit Register, Bank Guarantee Register, etc.
- c) The Concurrent Auditor will take up the audit of vouchers/ records/ registers in physical/ digital mode in CBS/ days in consultation with the Head and Diu Regional Office.
- d) General Ledger accounts/ Subsidiary General accounts/ supporting records/ registers as prescribed are drawn and properly maintained in CBS.
- e) Concurrent Auditor will bring to the notice of In-Charge of the Department, in writing, any deviation/ irregularity/ lacunae noticed in (a) to (d) above and inconsistent with Bank's Expenditure Rules/ Banks' General Administration Manual/ Head Office prescribed instructions/ guidelines and secure/ arrange for immediate rectifications/ corrections of the irregularity on the spot/ without any undue delay.
- f) Certify the monthly confirmation of balances in income and expenditure accounts, dead stock accounts, loan accounts and any other account/ GL heads operated by the Head Office and Diu Regional Office.
- g) Certify the correctness of the Income Review Statement which includes income accrued but not received/ expenditure incurred but not paid. The said statement is required to be forwarded to Head Office on a monthly basis.

F. Others:

1. The successful bidder will be responsible for any omissions or commissions in respect of any transactions audited. In such a case, the Bank reserves the right to report to the Institute of Chartered Accountants of India for such actions as they may deem fit
2. All financial transactions should be subjected to Concurrent Audit at pre-payment (post sanction) stage to ensure compliance with the Bank's rules and regulations as well as Statutory and Regulatory Compliances norms which require a hundred percent check of financial transactions post payment.
3. The successful bidder firm/ company should certify that they have carried out hundred percent check of transactions and there is hundred percent compliance with the Statutory and Regulatory requirements prescribed in the relevant Statutes/ Rules/ Acts. The Concurrent Auditor will submit a monthly Statutory and Regulatory compliances certifying that they have carried out 100% check of transactions and there is 100% compliance with Statutory and Regulatory requirements prescribed in relevant Statutes/ Rules/ Acts by RBI/NABARD.

4. Concurrent Audit firm is advised to use red colour pen while checking/ auditing the records and put a rubber stamp "checked/ audited" with the date and initials on the records subjected to scrutiny.

5. REPORTING SYSTEM

5.1. The Concurrent auditors should report the minor irregularities, wrong calculations etc. to the Branch Managers for an on-the-spot rectification and reporting compliance.

5.2 If these irregularities are not rectified within a reasonable period of time say a week, these may be reported to the Head Office. If the auditors observe any serious irregularities, these should be straight away reported to Head Office immediately. The auditor will have to lay emphasis on the propriety aspect of the audit. Bank may institute an appropriate system of follow-up of the reports of the concurrent auditors. There must be a system of annual review of the working of concurrent audit.

6. CONCLUSION

While instituting the concurrent audit system, the attempt should be to integrate the same with other systems of internal audit/inspections, which are already in existence. One of the drawbacks hitherto has been non-integration of the different systems of internal audit and inspections and lack of response to audit objections/qualifications. It is necessary that the entire system of audit, inspection and their follow-up is properly documented and the performance of the integrated audit-system is reviewed from time to time.

