

Eligibility criteria for Chartered Accountants:

The following basic eligibility criteria should be kept in mind while selecting a firm for Concurrent Audit assignments.

- The applicant firm should be a Member of ICAI and should be either a partnership firm or proprietary firm having Chartered Accountant(s) as partner(s) / proprietor, duly empanelled with RBI.
- The firm should be selected from the RBI panel as per gradation suggested for Branch Statutory Auditor appointment.
- There should not be any disciplinary action pending against the firm by RBI. The name of the firm should not appear in the list of Third Party Entities (T PE) Caution list of IBA.
- Audit firms engaged by the Bank for audit work should have qualified Information System Auditor (CISA / DISA) with necessary exposure to systems audit since all Branches are fully computerized and IS audit should form an integral part of audit of Bank. Exceptions may be allowed in case of non-availability of CISA / DISA qualified persons.
- Weightage to be given to the firms where the partners themselves were ex-bankers or the firm has tie-up with ex-bankers with requisite experience and exposure.
- Weightage to be given to a firm having exposure in conducting concurrent audit of the Bank branches for a few Public Sector / Major Private Sector Banks.
- The firm should have necessary office set up and adequate personnel to ensure proper deployment and timely completion of the assignments.
- In case of Proprietary firm, the sole proprietor of the firm is a full time practicing Chartered Accountants and not employed elsewhere and do not have any other business interest (Chartered Accountants in professional service and engaged in part-time teaching vocation, can be considered as in full time practice).
- The firm or their partners / proprietor have not been subjected to inquiries in the past for misconduct by the apex body (Institute of Chartered Accountants of India). Similarly, no such inquiries are pending initiated or contemplated by the Institute till date.
- None of the Partners or Proprietor of the firm is a Director of the Bank.
- None of the Partners or Proprietor of the firm related to any of the Staff / Executives / Directors of the Bank.
- None of the Partner(s) or Proprietor of the firm is defaulter(s) of any Bank directly or indirectly for any liability / loan or obligation.
- The firm should not have common partners in any other firm that has been assigned statutory audit / concurrent audit by the Bank and it should be ensured that the audit firm or any sister / associate concern / network firm is not conducting the statutory audit of the Bank or any of its branches.

Accountability

If external firms are appointed and any serious acts of omission or commission are noticed in their working, fraud surfaced at the branch which the concurrent auditor has failed to report the details, their appointments may be cancelled after giving them reasonable opportunity to be heard and the fact shall be reported to ACB of the Bank, RBI, IBA and ICAI.

Concurrent Auditors, who have colluded with borrowers for pecuniary benefit and who failed to report major irregularities and frauds will be included in the IBA's Caution List under Third Party Entity (T PE) and auditors whose names are included in the IBA Caution List from time to time will also be removed from the Concurrent audit as per extant guidelines.

Concurrent Auditors will be delisted / removed, after Zonal Manager calling for comments and with recommendations of ZACE, by placing a note to GM (I&A) in the following instances:

- Frauds of financial loss not detected / not reported.
- Poor ratings in the Half-yearly performance by the respective ICs.
- Not complying with our requirements viz., refusing to attend assignments like Prerelease audit, issuing end use certificate etc. in the branch where the Concurrent Auditor assigned.
- Not conducting audit for the minimum required number of days, Poor quality of reports etc.