

EXPRESSION OF INTEREST
Concurrent Audit for ABS and Investment at HO
(Tender Reference Number: EOI / 39/2020-21)
Date of issue of EOI: 19th February,2020

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1. Preface

- i. The purpose of this EOI is to solicit proposal from eligible Chartered Accountant firms to be appointed as Concurrent Auditor for ABS Investment and PASS sections at Head Office.
- ii. The last date for submission of proposal is 5th **March, 2020.**
- iii. No proposals would be accepted after the above deadline.
- iv. Bank reserves the right to accept any proposal or reject all the proposals, without assigning any reasons whatsoever. The Bank's decision in this regard shall be final and binding.

2. About HPStCB Bank

The HPStCB is Apex Bank in the state of Himachal Pradesh licensed under Banking Regulation Act, 1949 which became a scheduled commercial bank under the second schedule of Reserve bank of India Act 1934 in year 2014. The bank has 242 branches/Extn. Counters spread across 6 districts of the state. The Bank has a Deposit of Rs.11030.65 Crores, the Bank has a CRAR of 13.56% and a loan book size of Rs.5620.27 Crores.

3. Submission and evaluation of Proposals

- i) The proposals shall be submitted duly signed by the authorized signatory with the seal of the CA firm to be delivered at the address:

**"The Managing Director,
The H.P.State Co-operative Bank,
H.O., The Mall Shimla 171001"**

ii) The documents to be submitted are:

a. Application containing Profile of the CA Firm (with details of the firm, present and past assignments, educational qualification, experience of the partners, areas of specialization, contact details of the firm, infrastructure facilities and manpower).

b. Application Form (Annexure-1) has to be furnished in the letter-head of the firm.

The EOI has to be submitted in sealed envelope super-scribed with the title
– “FOR CONCURRENT AUDITOR OF THE BANK”.

4. Scope of Work

Scope of Work for Concurrent Audit of Head Office

Illustrative scope of work is mentioned as under:-

A: Accounts & Banking Section

1. To check and comment on Bank Reconciliation Statements prepared by the bank for banker-accounts maintained at HO Level. (ABS).
2. To check the Inter-branch reconciliation and report the differences if any. (ABS)
3. To review bank's efforts to ensure that entries outstanding in various sensitive accounts including un-reconciled entries in accounts with correspondent banks maintained resolved / addressed within reasonable time and accounts are reconciled regularly. (ABS)
4. To check and review system of monitoring of various temporary accounts viz. Suspense A/c, Sundry Deposits A/Cs, Clearing Adjustment A/Cs etc. and comments on promptness in clearing outstanding entries standing in these accounts. To check all pending entries in these accounts and report the pending entries over a reasonable period of time say beyond 90days. (ABS)
5. To check the reconciliation of borrowings and Interest application on it. (STL)
6. To issue monthly Certificate in lieu of DEAF (Form 1 & II). (STL).
7. Checking High value inward and outward remittances (ABS)
8. Check IRAC classification of NPA reports prepared at HO level. (Recovery)
9. Scrutiny and comments of various provisions made by the bank from time to time and comments on its sufficiency and clearance on timely basis. (ABS and EPS)
10. Scrutiny of ABS GL and comments on abnormal or stagnant heads. (ABS)
11. Random checking of salary payments made at HO level w.r.t. preparation and calculations of Form-16. Calculation of at least 50 employees to be checked each month and name of accounts checked to be reported in monthly report irrespective of nature of observations. (Estt.)
12. TDS on other payments :-To verify and 100% checking of the TDS deducted from the vendors bills as per latest rates applicable, to verify the TDS deposited within the

- stipulated time period, to verify the TDS returns filed, to verify the Form-16A etc. (Tax Cell)
13. Goods and Service Tax:- To verify and 100% checking of the Goods and Service Tax (GST) deducted under Reverse Charge Mechanism (RCM), wherever applicable, from the vendors' bills as per latest rates applicable. (Tax Cell).
 14. To check the correctness of CENVAT credit claimed by bank, to verify the Goods and Service Tax deposited within stipulated time period, to verify the GST return filed. (Tax Cell).
 15. Check and verify any debit entry in Revenue heads and report if entry is not warranted for. (ABS)
 16. Check and verify any credit entry in Expenditure heads and report if entry is not warranted for. (ABS)
 17. Work Contract Tax:-To verify and 100% checking of the Work Contract Tax deducted from the vendors' bills, wherever applicable, as per latest rates applicable, to verify the Work Contract Tax deposited within stipulated time period, to verify the Work Contract Tax return filed.TDS on cash withdrawal. (EPS and Tax Cell)
 18. To check all bills of addition to fixed assets, such as safe fixtures, furniture and fittings, Plant & machinery, Computer hardware and software including payment for advances for these items. To check the heads of accounts in which these payments have been parked and comments on their correctness. To report payment of these bills on promptness along with administrative and financial approval of concerned official. To comment on any pending bills which have not been entered in the accounts. To check the system of entry of these items in stock registers. (EPS and computer section) .
 19. To check and certify the depreciation provided in HO books on fixed assets on half yearly basis with reference to application of correct rates and date of additions and deletions\adjustments. (EPS)
 20. Paid Bills : (ABS)
 - i. Whether all bills were properly scrutinized.
 - ii. Promptness in payment of bills is to be seen.
 - iii. Whether 'PAID' stamp is affixed on all copies of the bills including duplicates, sanction notes, etc. to guard against payment / presentation again.
 - iv. Scrutiny of paid bills is to be made as under:
 - a. 10% for payments \bookings up to Rs.25,000/-.
 - b. 50% for payments \bookings between Rs.25,001/- and Rs.100,000/-
 - c. 100% for payments \bookings above Rs.100,001/-.
 - v. Whether all bills are passed by the officers authorized to pass the bills under Bank's Expenditure Rules and financial delegations.
 - vi. Whether the amount for which the bill is passed is correct.
 - vii. Whether the account head in which bill is posted is correct.

- viii. Whether the advances and unspent balances have been correctly accounted for.
- ix. Whether the balance amount payable has been correctly worked out.

B: Investment section

- Half yearly review (March and September) or investment portfolio by **Board of the Bank.**
- Return shall include Copy of board approval regarding investment of bank.
- Return shall include complete checklist of the compliance by the bank regarding various investment guidelines of RBI and NABARD,
- Return shall be certified by the auditor.
- Return shall be forwarded to the RBI as soon as bank's board approval is obtained.

Quarterly certificate of investment holdings

- Return shall include position of portfolio investments (under various categories) held by bank.
- Return shall include detailed list of all the investments held by bank along with demat statements.
- Return shall be certified by the bank's auditor and clearly specify that bank strictly adheres to SLR, Non SLR limits and other guidelines prescribed by the RBI.
- Return shall also specify that bank strictly adheres to guidelines prescribed by the RBI with regard to mutual funds.
- Return shall be forwarded to RBI within 15 days from the end of quarter.

Monthly concurrent audit report of treasury transactions.

- Return shall clearly specify that **list of treasury transactions (annexed) had been put up before MD/CEO/Chairman of the bank.**
- Return shall provide details of investments **purchased, sold and matured during the month under review.**
- Return shall include certificate by concurrent auditor.
- Return shall be forwarded to RBI within **first week** from the end of month.

The above mentioned returns will be submitted for the month/quarter/half year/year strictly within prescribed timelines. And Concurrent auditor will ensure that the return contain all the required information as mentioned above.

C: Payment and Settlement Section:-

- i. To check the entries of NEFT, IMPS and RTGS.
- ii. To check the entries of Direct Benefit Transfer.
- iii. To monitor the status of reconciliation of NEFT and RTGS.

5. Minimum Eligibility Criteria

- a. The CA/ CA-Firm must be a qualified Chartered Accountant.
- b. Firm's H.O. should be in Himachal Pradesh (Shimla based firm will be preferred).
- c. **Standing** of the firm should be at least **3 years.**
- d. The firm should have minimum **3 years experience** as concurrent/statutory central **auditor of StCB or DCCB branches** in the state of Himachal Pradesh.

- e. CA/CA-Firm should have experience of minimum **3 years**.
- f. CA/CA-Firm should not be Director of any bank operating in the area where HPStCB is operating.
- g. CA/CA-Firm should be available in the Bank for at least 2 days in a week to provide the timely aid and advice.
- h. **Average annual turnover** of last 3 years of the firm should be **Rs.20 Lacs**.

6. General Terms and Conditions :-

- * The concurrent auditor should cover all the transactions and accounts of Accounts and Banking Section, Investment and PASS Sections at Head Office of the Bank.
- * Concurrent audit should be undertaken by qualified and experienced personnel only under the direct supervision of assigned partner. The attendance should be at least 15 days during a month with minimum of 2 days in a week.
- * The audit is to be conducted with all professional ethics including its coverage, report quality and timely submission of reports on a weekly basis.
- * The concurrent auditor should report uncorrected irregularities pointed out in previous reports without repetition/reproduction of old observations.
- * The assigned partner / Chartered Accountant shall supervise the progress of concurrent audit and discuss major audit observations with the In-Charge of concerned Section at least once in a week. The auditors' will obtain a certificate of discussion from concerned Section In-Charge.
- * Audit report should be submitted on a weekly basis in triplicate. Soft copy of the report should also be submitted through authorised e-mail of the firm.
- * Monthly remuneration bill should be submitted after completion of the month and it should be accompanied by the compiled monthly report as discussed above.
- * The CA firm under this EOI will be appointed for a initial term of one year.
- * The CA Firm who wish to submit responses to this EOI should note that they should abide (in true intent and spirit) by all the terms and conditions contained in the EOI. If the responses contain any extraneous conditions put in by the Respondents, such responses may be disqualified and may not be considered for the selection process.
- * CA-Firm has to provide details of single point of contact viz. name, designation, address, e-mail address, telephone/mobile/fax No. etc.
- * The concurrent auditor should ensure proper conduct/coverage of audit, quality and timely submission of report.

7. Monthly Fees

The Audit fee has been fixed by the Bank for Rs.30000/- per month.

8. APPLICATION FORM:-**Annexure-1**

Sr. No.	Particulars	Details
1.	Name of the Firm	
2.	Address of the Firm	
3.	Number of Branches / Offices with details thereof	
4.	Registration No. of the Firm	
5.	Number of full time Chartered Accountants	
6.	Number of full time Partners (out of Sr. No. 4)	
7.	Number of FCAs (out of Sr. No.4)	
8.	Names of Partners with qualification and years of experience	
9.	No. of Qualified Staff (Paid CAs)	
10.	No. of professional trainees / audit staff	
11.	Standing of the firm (in years)	
12.	Experience as Concurrent/Statutory Auditor of Bank branches in the state of Himachal Pradesh during last 3 years.	
13.	Annual turnover of last 3 years (please attach copy of annual audited financial statements)	
14.	Details of Banks (under Core Banking Solution) audited with the name of CBS software	
15.	Whether the firm is Concurrent/ Statutory Central Auditor of any Himachal based co-operative Bank(s)? If yes, give details.	
16.	Whether any of the partner(s) is Director of any Bank? If yes give details	
17.	Whether any disciplinary action taken/pending proceedings against the firm by ICAI?	
18.	Whether any of the clients of the firm is in legal battle with HPStCB	

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