



Concurrent Audit of Branches

2013-14

Ref: HO/INSP/NOTE/1755/2013 dtd. 15-05-2013

Request for Registration (RFR) issued by

Deputy General Manager (Inspection)

Section – I

1. Introduction and Disclaimer

This Request for Registration document (“**RFR**”) has been prepared solely to enable Dena Bank (“**The Bank**”) in the selection of suitable CA firm (Service Provider – SP) for conduct of Concurrent Audit of Dena Bank Branches.

The RFR document is not a recommendation, offer or invitation to enter into a contract, agreement or other arrangement in respect of the services.

2. Information Provided

The RFR document contains statements derived from information that is believed to be reliable at the date obtained but does not purport to provide all of the information that may be necessary or desirable to enable an intending contracting party to determine whether or not to enter into a contract or arrangement with the Bank in relation to the provision of services. Neither the Bank nor any of its employees, agents, contractors, or advisers give any representation or warranty, express or implied as to the accuracy or completeness of any information or statement given or made in this RFR document. Neither the Bank nor any of its employees, agents, contractors, or advisers has carried out or will carry out an independent audit or verification or due diligence exercise in relation to the contents of any part of the RFR document.

3. For Respondent Only

The RFR document is intended solely for the information of the party to whom it is issued (“the **Recipient**” or “the **Respondent**”) and not to any other person or organization.

4. Confidentiality

The RFR document is confidential and is not to be reproduced, transmitted or made available by the Recipient to any other party. The RFR document is provided to the Recipient on the basis of the undertaking of confidentiality given by the Recipient to the Bank. The Bank may update or revise the RFR document or any part of it. The Recipient acknowledges that any such revised or amended document received is subject to the same terms and conditions as of this original and is subject to the same confidentiality, undertaking.

The Recipient will not disclose or discuss the contents of the RFR document with any officer, employee, consultant, director, agent, or other person associated or affiliated in any way with the Bank or any of its customers, suppliers, or agents without prior written consent of the Bank.

5. Disclaimer

Subject to any law to the contrary, and to the maximum extent permitted by law, the Bank and its officers, employees, contractors, agents, and advisers disclaim all liabilities from any loss or damage (whether foreseeable or not) suffered by any person acting on or refraining from acting because of any information, including forecasts, statements, estimates, or projections contained in this RFR document or conduct ancillary to it whether or not the loss or damage arises in connection with any negligence, omission, default, lack of care or misrepresentation on the part of the Bank or any of its officers, employees, contractors, agents, or advisers.



6. Costs Borne by Respondents

All costs and expenses incurred by the Recipient / Respondent in any way associated with the development, preparation, and submission of responses, including but not limited to the attendance at meetings, discussions, demonstrations, etc. and providing any additional information required by the Bank, will have to be borne entirely and exclusively by the Recipient / Respondent.

7. No Legal Relationship

No binding legal relationship will exist between the Recipients / Respondents and the Bank until the execution of a contractual agreement.

8. Recipient Obligation to Inform Itself

The Recipient must conduct its own investigation and analysis regarding any information contained in the RFR document and the meaning and impact of that information.

9. Evaluation of Offers

Each Recipient acknowledges and accepts that the Bank may, at its absolute & sole discretion, apply whatever criteria it deems appropriate in the selection of CA Firms, not limited to those selection criteria set out in this RFR document.

10. Errors and Omissions

The Recipient may notify the Bank of any error, omission, or discrepancy found in this RFR document.

11. Acceptance of Terms

The Recipient, by responding to the Bank's RFR, will be deemed to have accepted the terms as stated above from Para 1 through Para 10.

12. Submission of Applications

One Hard copy duly signed by the authorized person should be submitted to the "Bank's Evaluation Office" at the following address:

**The Deputy General Manager
Dena Bank H.O.
Inspection & Internal Audit Dept.
4th Floor, 17-Horniman Circle
Fort, Mumbai – 400023.**

Contact 022-22664648/22665997/22693196

12.1 Submission will be valid if:

- Application is submitted as per formats before the scheduled closing date / time.
- Application is submitted with "Auditor Registration Form" (ARF) is hand written in the same sheet (page #20) provided in this RFR
- Application is submitted in a sealed envelope with the marking: "Registration for Concurrent Audit of Branch - 2013"

13. Disqualification

Any form of canvassing/lobbying/influencing/query regarding short listing, status etc will be a disqualification.



14. Process

Selection of a successful SP will involve an 4 stages approach.

1. Submission of Registration Form
2. Evaluation of RFR

Shortlist is done based on the Criteria mentioned under Section II 1.1 & 1.2. In case. More applications are found even after the above filtering, the Bank reserves its right to have suitable parameter / s to shortlist the applications.

3. Issuance of letter of appointment (LoA)
4. Acceptance of the LoA

14.1. Process Timeframe

The following is an indicative “Timeframe” for the overall selection process. The Bank reserves the right to vary this “Timeframe” at its absolute and sole discretion, should the need arise. Changes to the timeframe will be intimated to the affected Respondents during the process.

Description	Due Dates
Commencement of RFR	16.05.2013
Last date for submission of RFR	31.05.2013 before 3 pm
Issuance of LoA	10.06.2013
Acceptance of LoA	15.06.2013
User training in “Sentinell” (Online Audit System)	24.06.2013
Commencement of Audit	01.07.2013

* All dates mentioned above are tentative dates and the bidder acknowledges that he cannot hold the Bank responsible for breach of any of the above dates.



Section – II

1.1. The appointment of Concurrent Auditors, with the following basic criteria:-

- i. The RBI panel of CA Firms as per gradation for Branch Statutory Audit
- ii. The Service Provider (SP) should be a partnership firm of Chartered Accounts.
- iii. Audit firms engaged by the Bank for audit should be a qualified Information System Auditor (CISA / DISA) with the necessary exposure to the Systems Audit
- iv. Weightage will be given to the firms in which the partners themselves are Ex-Bankers or the firm has got a Tie-Up with Ex-Bankers with the requisite experience and exposure
- v. It is to 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.
- vi. Weightage will be given to a firm having exposures in the conduct Concurrent Audit Branches of a few Public Sector / Major Private Sector Banks.
- vii. The firm should have necessary office set up and adequate personnel to ensure proper deployment and timely completion of the assignments at the centre.

1.2. The other terms and conditions are as under:-

- I. The firm has to disclose whether it has been debarred by ICAI / RBI / Dena Bank in the past. In such cases, the firm is not eligible for appointment as Concurrent Auditor.
- II. The Partner / Auditor / Asst. of the Audit firm should visit the Branch for a specified number of days and a confirmation to that effect should be generated from the online system of the Bank.
- III. A declaration has to be submitted by the Chartered Accountant firm assigned with the Concurrent Audit, that none of the partners in their individual capacity or through its allied and associate firms are either directly or indirectly involved in the Concurrent Audit of other Branches of the Bank.
- IV. Sub contracting or assigning of the whole or part of the Audit assignment to any third person / agent is strictly prohibited and will be liable for immediate termination of the assignment & also the said CA Firm is liable to be delisted.
- V. The Bank reserves its right to review the appointment at any point of time and if necessary, can cancel the appointment by giving one month's notice. In case the firm fails to report the irregularities / observations the Bank may cancel the assignment without prior notice.
- VI. The firm should not have refused any assignment allotted by the Bank in the past.

2. PERIOD OF APPOINTMENT

(i) Empanelled Chartered Accountants are allotted Concurrent Audit work initially for a period of one year. On the completion of the year, if the performance is found satisfactory, they might be continued for a further period of one year so that the Concurrent Auditor is engaged for a maximum period of 2 years, at a stretch. One year Cooling Period is given to such Auditors during which no Concurrent Audit assignment of any Branch / Office / Department is allotted. On the completion of the Cooling Period, the Auditor may be considered again for Concurrent Audit, if found suitable.

(ii) Rating of the Concurrent Auditors' performance be done as under: -



Sr. No	Indicative Rating Parameters	Marks
1	Branch attendance and liaison with the Branch / RO	20
2	Submission of report - adherence of time limit	15
	Report Coverage / Quality of Report	25
	Submission of Special Report on Irregularities / Frauds	(5) Bonus mark
5	Detection of Income Leakage	5 (5 Bonus Marks if detection is sizeable)
	Stock verification / Visit of Unit / Cash / Security Items verification etc.	10
7	Improvement in RBIA / Concurrent Risk rating of the Branch	10
8	Extent of Spot rectification	15
	Total	100

3. Rating of Concurrent Auditors and Authority:

In Concurrent Audit, basically the functions of Concurrent Auditors are attached with the Branch. Therefore, the Regional Manager being the Controlling Authority of the Branch can judge & evaluate certain parameters better. Therefore, the evaluations of parameters are divided between the following Two Authorities: -

Regional Manager	Inspection Cells/HO
1.Branch attendance and liaison of partners with the Branch / RO.	4. Report coverage / Quality of Report
2.Submission of Report, Adherence to time limit.	5. Submission of Special Report on Irregularities / Frauds
3.Verification of stocks, cash / security forms, visit of units etc.	6. Detection of Income Leakage
	7. Improvement in Audit rating.
	8. Extent of Spot Rectification.

The overall final rating shall be decided by the Inspection Department, HO. However, while considering the final rating, the marks awarded by the Regional Manager / Inspection Cells will be taken into consideration. Concurrent Auditors will be informed of the above parameters so that they can perceive our expectations. The Bank may not reveal the rating to them. Considering the evaluation of various parameters, the final rating and probable implications could be as under

Marks	Rating	Implications
Rating marks above 80	Very Good	Deserves encouragement : Assignment of Audits other than Concurrent Audit even during the Cooling Period.
60 up to 80	Good	May be assigned Concurrent Audit in the second year also.
Less than 60	Average	May not to be continued for the second year for Concurrent Audit. However, other Audit assignments can be given.



4. Online daily reporting:

The report should be submitted as mentioned below on weekly/ monthly /quarterly basis to the branch.

- a. The concurrent audit work should be conducted on a day-to-day basis. The team of Auditors should update their observations online daily in the Online Audit Software "Sentinell" of M/s. Epsilon Technologies, available at the Branch.
- b. The Branch Managers are expected to reply online duly attended, i.e. after noting the rectification done/steps taken for rectification by the branch within 2 days. The auditor shall discuss with the Branch Manager and un-rectified irregularities, if any, should be replied back for rectification. The compliance should be verified and confirm in the online system. This process should be continued till finalization of the report at the week / month / quarter end.

The Report shall be submitted in the online system within the due date of week / month / quarter end by the authorized auditor of the firm as declared in the "ARF".

Week will be treated from Saturday to Friday & the Month from the 1st of the Month to the end of the Month. The online submission of the Weekly / Monthly / Quarterly Reports should be ensured in the system by the 3rd working day, 5th of the succeeding month & 10th of the succeeding month of the quarter respectively. There will not be any submission of separate monthly Reports whenever quarterly Report is submitted.

5. Submission of Special Reports:

The auditors should submit their special report directly to the Controlling Authorities / respective Inspection Cell / General Manager (Inspection, H.O.) in the following cases of serious irregularities immediately without waiting for the completion of the Monthly / Quarterly Report. The Report should also be forwarded to the General Manager (Credit) if such serious irregularities relate to the Credit Portfolio.

- i. Shortage of cash found while counting physically.
- ii. Any serious irregularities in the operation of any of the accounts including Suspicious Transactions, Gross Neglect fo KYC norms which may require immediate attention of the Higher Authorities.
- iii. Any Fraudulent transaction observed.
- iv. Poor operations / Abnormal operations in the Borrowal Accounts that might lead the accounts to slip to NPA in the near future.
- v. Irregularities of serious nature pointed out in any other Inspection / Audit / LFAR Report remaining non complied for more than three months.
- vi. False Compliance Certificate submitted by the Branch for any matter.
- vii. In cases of Short Mortality i.e. advances turning into NPA within Twelve Months from the date of sanction.
- viii. Any other observation, the Auditor may find it necessary to be brought to the notice of the Higher Authorities immediately, in the interest of the Branch / Bank.

The Auditor may not discuss these Special Reports with the Branch Manager if there is sufficient ground to believe that the integrity of the Branch Manager is suspect.



6. Reporting System of Frauds:

As per the guidelines from the Department of Banking Supervision of Reserve Bank of India the Concurrent Auditors are now required: -

To specifically report, any matter susceptible to Fraud or Fraudulent activity or any Foul play in any transactions, simultaneously, to the Chief Executive Officer of the Bank i.e. the Chairman & Managing Director of the Bank and the Central Office of the Department of Banking Supervision, RBI, Mumbai, only when the amount involved is Rs. 100 lac or above. All other instances may be reported to the Mumbai Regional Office, Reserve Bank of India, Department of Banking Supervision, RBI Building, Opp. Mumbai Central Railway Station, Byculla, Mumbai 400 008. Any deliberate failure on the part of the Auditor should render himself liable for action.” Please send a copy of the same to The General Manager (Vigilance), Dena Bank, Head Office, Dena Corporate Centre, C10, G Block, Bandra Kurla Complex, Mumbai-400051.

7. Meeting with Concurrent Auditors:

Regional Authority should interact with the Concurrent Auditors once in every quarter regarding the Branch working, irregularities, specifically the major & the persistent irregularities observed at the Branch by the Concurrent Auditors, rectification and compliance of audit observations, difficulties faced by the auditors for verification of required records etc. It is an important tool to know the weaknesses of a particular Branch and rectify the same before it reaches to unmanageable level.

8.1. Audit fees:

Outstanding Advances as of 31st March of the previous year	All inclusive lump sum fees per month plus Service Tax, if any (TDS as applicable)
Below 20 Cr	9,000
20 Cr to < 50 Cr	11,000
50 Cr to to 100 Cr	13,000
Above 100 Cr < 500 Cr	15,000
Advances of Rs.500 Crores & above, Integrated Treasury Branch	25,000
Asset Recovery Branch	7,000
Capital market Branch	10,000
Service Branches	8,000 - 10,000 depending on volume

8.2. The above audit fees are subject to revise along with the audit fee is payable for additional assignment.



9. Review and Termination of Concurrent Auditors:

- a. Empanelled Chartered Accountants are allotted Concurrent Audit work initially for a period of one year. On the completion of the year, if the performance is found satisfactory, they might be continued for a further period of one year so that the Concurrent Auditor is engaged for a maximum period of 2 years, at a stretch. One year Cooling Period is given to such Auditors during which no Concurrent Audit assignment of any Branch / Office / Department is allotted. On the completion of the Cooling Period, the Auditor may be considered again for Concurrent Audit, if found suitable.
- b. The Bank reserves its right to review the appointment at any point of time and if necessary, can cancel the appointment by giving one month's notice. In case the firm fails to report the irregularities / observations the Bank may cancel the assignment without prior notice. Such development may be reported to the RBI / ICAI / IBA.
- c. Concurrent Audit has very important role in identifying system lapses, irregularities of every type, income leakage, ensuring compliance of terms of sanction for advances, detecting frauds, pointing out symptoms of sickness in time, etc.
- d. Quality of Concurrent Audit is reflected in reducing number of irregularities, absence of persisting irregularities as RBI envisages that the Auditor should also educate the Staff about the hazards of deviation from the systems and procedures. If Concurrent Audit is effective, it should also result in the up gradation of the Branch in the Annual Inspection and / or maintaining higher-level ratings obtained (Low - Medium risk under RBIA) .
- e. If the RBIA rating of the Branch is downgraded, the performance of the Concurrent Auditor shall be critically examined and reviewed for deciding continuance of service or otherwise.
- f. If the Concurrent Auditor fails to detect and report the irregularities / deviations from the laid down policies / norms, his services are liable to be terminated without any notice.
- g. If the Concurrent Auditor fails to attend the Branch on day-to-day basis or the attendance of the Partner of the firm is found to be poor, his services are liable to be terminated without any notice.
- h. The services of the Auditor who fails to achieve a GOOD rating shall not be considered for re-appointment.

10. Substitution of Auditor: During the assignment, the substitution of Auditors identified (as submitted in the "ARF") for the assignment will not be allowed, unless such substitution becomes unavoidable to overcome undue delay or that such changes are critical to meet the obligation. In such circumstances, the SP can do so only with the concurrence of the Bank by providing other staff of same level of qualifications and expertise. If the Bank is not satisfied with the substitution, the Bank reserves the right to terminate the contract and recover whatever payments made by the Bank to the SP during the course of this assignment besides claiming an amount, equal to the contract value as liquidated damages. However, the Bank reserves the right to insist the SP to replace any team member with another (with the qualifications and expertise as required by the Bank) during the course of the assignment.



11. Professionalism: The SP should provide professional, objective and impartial advice at all times and hold the Bank's interests paramount and observe the highest standard of ethics while executing the assignment.

12. Adherence to Standards: The SP should adhere to the laws of land and rules, regulations and guidelines prescribed by the various Regulatory, Statutory and Government authorities

13. The Bank reserves the right to conduct an audit/ongoing audit of the consulting services provided by the SP.

14. The Bank reserves the right to ascertain information from other banks and other institutions to which the bidders have rendered their services for execution of similar projects.

15. TERMS OF PAYMENT :The SP's fees will be paid on completion of Audit, submission of audit findings and reports every subsequent month.

16. PENALTY FOR LATE SUBMISSION OF REPORTS: The mentioned fee is payable only if the report is submitted within 7 days from the due date. If the report is submitted after 7 days but within 15 days, 75 % of the fee would be payable. If the report is submitted after 15 days but before next month, 50 % fee would be payable. No fee would be payable if the report is submitted even after 30 days from due date. In that case Bank may review performance of the Auditors and their continuance with the Bank. The Bank may take up the matter with the appropriate Body.

17. ASSIGNMENT : Neither the contract nor any rights granted under the contract may be sold, leased, assigned, or otherwise transferred, in whole or in part, by the SP, and any such attempted sale, lease, assignment or otherwise transfer shall be void and of no effect without the advance written consent of the Bank.

18. Subcontracting: The SP shall not subcontract or permit anyone other than its personnel to perform any of the work, service or other performance required of the SP under the contract without prior written consent of the Bank.



Section - III

SCOPE OF AUDIT

The scope of concurrent audit shall cover in detail areas like:

- A. Compliance of KYC/AML norms to be examined by the Concurrent Auditor and any deviations to be reported. The concurrent auditors have to verify rectification to such deviations by the branch and certify compliance of KYC norms.
- B. The concurrent auditor must verify the integrity of data furnished in various returns submitted by the branch such as control returns, MMR, D2K, WIRES, DSB data returns for RBI, statistical information, TDS etc.
- C. Forex Audit / Foreign Exchange Transactions at authorized AD branches / other Branches.

The Auditors shall verify and comment on compliance of RBI / FEMA / FCRA / HO guidelines issued from time to time in respect of foreign Exchange transactions. (The list is only indicative and not exhaustive.), 100% verification of A1 & A2 forms, 100 % verification of bill of entry, Remittances inward as well as outward, NRO/ NRE/ FCNR/ RFC / EEFC account opening & transactions in the a/c stock / FFR / statements submission by customer, All returns and statements in particular are correctly compiled and promptly submitted to RBI (XOS, BEF, R>Returns, ECB-2, ECB-5, ECB-PAR, ODR, LEC (NRI), LEC (FII), etc, acceptance of Foreign currency notes/ travellers' cheques towards payment of exports , ensure that Guarantees are not issued and export bills are not accepted in respect of caution-listed exporters without RBIs prior permission, Write -off of unrealized export bills are done as per delegated powers only after submission of documentary evidence for surrender of incentives, if any. Verify procedures / transactions for PC / FBP/ FBD /FBN/ PCFC /REBA /FCDL etc., ECGC policy / Guarantee cover and guarantee fee payment, lodging of claims, Forward Contract Transactions and cancellations etc Concurrent Auditor would verify inward remittances, rupee drawing arrangements, submission of GR /SDF Forms, grant of extension, advance remittance for exports, booking/ cancellation of forward contracts etc

1. Advance remittance against exports

As per the extant guidelines, where an exporter receives advance payment (with or without interest) from a buyer outside India, the exporter shall be under obligation to ensure that:-

the shipment of goods is made within one year of receipt of advance payment.

the rate of interest if any, payable on the advance payment does not exceed LIBOR plus 100 basis points and

the documents covering the shipment are routed through the AD through whom the advance payment is received.

If the exporter is unable to make the shipment, partly or fully within one year from the date of receipt of advance payment, no remittance towards refund of unutilized portion of advance payment or towards payment of interest shall be made after expiry of the said period of one year without prior approval of RBI.



2. RBI guidelines on implementation of Kimberly Process Certification Scheme – Conflict Diamonds

Import of Diamonds to India should invariably be accompanied by Kimberly Process Certificate (KPC). Similarly, exports from India should be accompanied by KPC to the effect that no conflict / rough diamonds have been used in the process. The KPCs should be duly verified / validated by Gems & Jewellery Export Promotion Council. In order to ensure the implementation of Kimberly process Certification Scheme, AD Branches should obtain an undertaking in the prescribed format from importers / exporters of diamonds who have been extended the credit facilities for doing the business related to diamonds.

3. GR Form

In cases where a Bank handles the document having GR bearing name of some other Bank and receives export proceeds, the branch should obtain an undertaking from the customer that they have not availed any credit facility from the Bank named in the GR. AD Branch should also obtain NOC from the AD Bank whose name appears on the GR before releasing the GR form.

4. Extension of time and self write-off by the Exporters

All the exporters who are availing the facility of extension of time and self write off should submit within a month from the close of calendar year a statement giving details of export proceeds due, realized, and not realized to the concerned AD Branch.

The aggregate value of such export bills written off and bills extended for realisation should not exceed 10 per cent of the export proceeds due during the financial year and such bills are not a subject of investigation by Enforcement directorate / Central Bureau of Investigation or any other investigating agency.

5. Advance Remittance for Imports

In case of Advance Remittance for Imports it should be ensured that the physical import of goods into India is made within six months (three years in case of Capital Goods) from the date of remittance. The importer should give an undertaking to furnish documentary evidence of Import within 15 days from the close of relevant period. In the event of non Import of Goods, Authorised Dealer should ensure that the amount of advance remittance is repatriated back to India or is utilized for any other purpose for which release of exchange is permissible under the Act, Rules or Regulations made there under.

Branch must keep the record of the outstanding advance payment sent against import and also should follow with importers who are not submitting evidence of imports within six months from the date of remittance.

6. Form A1 & A2

Internal auditors / Inspectors / concurrent auditors of Authorised Dealer Branch are not only required to carry out 100% checking of Forms A1 / A2 but also to issue a certificate about the bonafides of forex transactions undertaken by the Branch indicating that the transactions have been carried out as per internal guidelines / instructions issued vis-à-vis FEMA provisions. They should also certify that due diligence exercise has been carried out while dealing with forex transactions. The above certificate must be kept with the Branches and should be made available to the inspecting officers of Reserve Bank for verification.

7. Evidence of Import

In case of imports where value of import to India exceeds USD100,000(*) or its equivalent, it is obligatory on the part of the Authorised Dealers through whom the relative remittance



was made to obtain evidence of Import (Bill of entry for home consumption / warehousing as the case may be).

(*) in case of our Bank, as per Policy, Bill of Entry must be obtained for value of import exceeds USD 50,000.00 or its equivalent.

AD branches should acknowledge receipt of evidence of import e.g. exchange control copy of the Bills of entry, postal appraisal form, or customs assessment certificate, etc., from importers by issuing acknowledging slip containing all relevant particulars relating to the import transaction.

Internal inspectors or auditors (including external auditors appointed by ADs) should carry out 100% verification of documents evidencing import, i.e. exchange control copy of the Bills of entry, postal appraisal form, or customs assessment certificate, etc.

A certificate to that effect must be obtained and kept with the Branch which should be made available to the inspecting officers of RBI for verification.

8. Trade Credit

Trade Credit refers to credits extended for imports by overseas suppliers/banks/financial institutions, for a maximum maturity period upto 1year (3years in case of capital goods). In case of Trade Credit all-in-cost ceiling prescribed by RBI should be strictly adhered to. All-in-cost include arranger fee, upfront fee, management fee, handling / processing charges, out of pocket and legal expenses, if any.

Branches should submit a monthly statement incorporating details of approvals, drawal, utilization and repayment of trade credit granted by them during the month, in 'Form TC' and a quarterly statement on Guarantees / Letter of Undertaking / Letter of Comfort issued by AD Branch to International division for onward submission to RBI.

9. Forward Contracts

AD Branches are permitted to allow importers / exporters to book Forward Contracts on the basis of declaration of an exposure and based on past performance.

Forward contracts involving Rupee as one of the currencies, once cancelled cannot be rebooked.

Rollover is allowed for all contracts subject to the condition that maturity of the hedge should not exceed the maturity of the underlying transaction (Rollover should be understood as simultaneous cancellation and rebooking).

Exporters are allowed to hedge currency risk on the basis of a declaration of an exposure and based on past performance up to the average of the previous three financial years' (April to March) actual export turnover or the previous year's actual export turnover, whichever is higher.

In case of imports the limit will be 25 % of the average of the previous three financial years' (April to March) actual import turnover or the previous year's actual import turnover, whichever is higher.

All forward contracts booked for import as well as export transactions will be 100 percent on deliverable basis and no exchange gain will be passed on to the customer on cancellation of the contract. However, in case of loss, it shall be recovered.



As the contract has to be on deliverable basis, short term rollovers are permitted to align the maturity of the contract to that of the underlying exposure based on which delivery is going to be made.

Cross-currency deals done under past performance route continue to be subject to the overall limit but can be cancelled and exchange gains, if any, passed on to the customer.

Importers / exporters should furnish a declaration to the AD Branch regarding amount of Forward Contract booked with other AD Banks (if any) under the above facility.

An undertaking to be obtained from the customer to produce supporting documentary evidence at the time of cancellation / before maturity of the forward contract.

Outstanding forward contracts higher than 50% of the eligible limits may be permitted by the AD Branches, only on satisfying about the genuine requirements of the constituent after examining following documents.

A certificate from Chartered Accountant of the customer that all guidelines are adhered to while utilizing this facility.

A certificate of Import / export turnover of the customer during the past three years duly certified by the Chartered Accountant / Banks.

In case of exporters overdue bills should not be in excess of 10% of the turnover to avail this facility.

Corporate booking forward contracts either on actual or on past performance basis must submit the details of forex exposure as on 1st April of every year to the AD Branches. The facility of cancellation and booking of forward contract should not be permitted until the corporate submits the required information.

('Forward Contracts' modified vide International Division Circular no. 297/19/2011-12 dtd. 19.12.2011)

Others:

Random check of the relevant duplicate export related forms to confirm that non-realisation or short realization allowed, if any, by the branch, was within the delegated powers or had been duly approved by RBI, wherever necessary.

Obtention of certificate for proper accounting of shortfall in export realization in the GR/SB as per AP(Dir) Circular No. 21 dated 16.09.2002.

Cases where bills were discounted without ascertaining that the exporter had already availed any pre-shipment credit from another bank. Whether branch has obtained undertaking to this effect that exporter had not availed any pre-shipment credit from the banker mentioned in GR/SDF form.

Whether branch is following up with exporters and effectively utilizing its authority to write-off overdue bills as delegated under Master Circular on Export dated 01.07.2009.

Whether overdue discounted/purchased export bills has been crystallized on the 30th day.



Whether branch has undertaken random checking / verification of the bills of entry with custom officials.

Whether branch has a compliance officer to ensure prompt and timely disposal of cases pertaining to exports as stated in RBI guidelines on simplified procedure for exporters.

Whether branch is obtaining undertaking before extending credit facilities to all diamond exporters/importers in respect of conflict diamond as stipulated under DBOD circular No DBOD/DIR/(EXP) No. 03/04.02.02/05-06 dated July 01,2005.

Whether branch is accepting export documents beyond 21 days from the date of export without seeking any reason for the delay.

- D. Handling of cash, ATM, deposits, safe custody of securities, investments. Whether ATM Cards and Pins are handled by different Officers and register for the same is maintained .Currency Chest - Proper accounting of transactions, its prompt reporting to RBI . To examine whether sorting of notes into issuable /Non issuable packets/bundles is being done.
- E. Advances: Sanction of Loans & Advances, receipt of Stock / Book Debt / FFR statements as per stipulated periodicity, verification of stock/ Plant Machinery/ Book Debts and other Securities charged to the bank, Insurance expired/ not taken/under insurance, Overdue Proposals, Documentation, compliance of sanction terms. Advances sanctioned by the branch, Overdue Term Loan Installments, Overdue cheque /Bills purchased/discounted, Adhoc limits, Over drawings / Exceeding /TODs / withdrawals against clearing, Poor Operations in the borrower accounts which are otherwise regular, Control return on irregular advances, Advances against shares, Advances against book debts, Packing Credit advances and post shipment advances including ECGC cover, Suit filed and Decreed accounts, Letter of Credit (Foreign or Inland), Bank Guarantees/DPG including expired BGs, exercise of Discretionary powers ,Sanction of loans, all Pre and Post sanction formalities, Operations in the account, Adhoc limits, verification of assets, and coverage of loans under CGTSME and timely remittance of Guarantee and Annual Service Fee. The Concurrent Auditors to verify that laid down norms of the bank are adhered to and the following points are also complied with while processing & disbursement of loans and advances in new / existing accounts ;
- Pre & Post sanction inspections are carried out and reports are held on record.
 - Appraisal is properly done and recorded.
 - Sanction is in accordance with delegated authority
 - All Terms and Conditions of sanction are communicated in writing to the borrower/ guarantor(s) and obtained consent thereof and observe compliance of all terms and conditions of sanction.
 - Security documents are properly stamped and executed and recorded in the Security Register and are enforceable at the court of law and vetting of the document done.
 - Collateral securities are obtained as per the sanction terms and the mortgage formalities etc duly completed. The charges are registered with appropriate authority viz. Registrar of Companies, Registrar of Assurances, etc and are enforceable at the court of law. Personal/ Corporate Guarantees and statement of Asset & Liabilities are obtained as stipulated



- F. Non Performing Assets including position/status of suit filed accounts, proper Classification of Assets and Provisioning, The auditors have to verify adherence to RBI guidelines on IRAC norms
- G. Balancing of Books, Sundry and Suspense accounts, Inter – branch reconciliation, Clearing differences, Balancing of GL Heads to be examined by the Concurrent Auditor. The status of balancing of books should be examined thoroughly under each head including status of any unbalanced item parked in GL, contra items/ heads maintained in system
- H. Revenue and Capital Expenditure, Purchase of Stationery, Income Leakage including locker rental arrears (Safe Deposit Vault), Supervision charges for fund based and non-fund based limits sanctioned, Process fees, if the debits in the income a/c is permitted by competent authority, Detection and prevention of revenue leakage through close examination of income and expenses accounts / transactions, Sundry Expenses/Traveling Expenses/Entertainment Expenses, HA/TA Bills, Purchase of Stationery & Other expenses.
- I. Off-balance sheet items like Letters of Credit and Bank Guarantees and maintenance of Customer Bank Liability registers.
- J. Treasury functions and credit-card business.
- K. Compliance to various Inspection / Audit / LFAR / RBI inspection Reports etc and unattended / Irregularities still persisting and pointed out in various Inspections/Audits reports
- L. CBS and IT security related issues and audit thereof.
- M. Examine complaints received at the branch, their disposal and maintenance of relevant record. Also, comment on number of complaints received and resolved and reasons for any pending complaints.
To Examine Govt. Business related services and to comment on over all quality of customer service at the branch, shortcomings if any and suggestions to improve the same.
- N. Staff Related Matters in the area of expenses claimed / leave record etc
- O. Numbered Items of Stationery
- P. Updating of customer profile for all a/cs to facilitate D2K and CTR / STR statements every month. Deposits, check the transactions of deposits received and paid from STR/CTR angle, check rate of interest paid on the deposits including large deposits
- Q. Any other irregularity of any nature, under any head noticed in the transaction and working of the branch
- R. Verification of generation and checking of exceptional reports.
- S. Depository Services –
Adherence to time lines of NSDL for the acceptance of the documents by the Branch, formalities to be complied with in the acceptance of the documents pertaining to DP services and execution of the same in the Back Office System.
Display of the notice board pertaining to the services provided, usage of the proper stamps provided for accepting the documents from the customer and prompt inward of the documents received in the Back Office System.



T. Transactions at Treasury Branch -

Auditors shall offer their comments on check points as under:

- ✓ In non - SLR trades, whether instances are observed having gaps in the deal number listing or the deals were out of sequence.
- ✓ In case of broker deals, whether the deal time on broker notes and on the deal slips was the same as required. Comments are made on the quality of appraisal prepared in case of fresh non-SLR investments by treasury and its adherence to, various regulatory and internal norms. The adherence to market risk limits, instances of rating migration, concentration risk in investment book are also to be commented upon by the auditors. Whether the rate reasonability of investment deals are monitored and whether any deals had been done at off-market rates.
- ✓ Adherences to various regulatory limits such as adherence to section 19(2) of BR Act, limits mentioned in Master Circular - Para Banking Activities, etc. are ensured.
- ✓ The computation of AGL and NOOPL shall be independently verified for accuracy.
- ✓ Whether concentration of broker business, accuracy of valuation of outstanding forex deals, accuracy of computation of credit risk on forex contracts and maintenance of capital charge for market risk on forex contracts are in conformity with the guidelines. Whether there is manual intervention in the reconciliation process.

Importance to be given to check high-risk transactions having large financial implications as opposed to transactions involving low risk

In line with BASEL II recommendations, Bank has converted the existing Concurrent Audit Reports into Risk Based Concurrent Audit and formats are revised accordingly.

Concurrent Auditors will have to undertake additional assignment as under:

Stock Audit as per Bank's policy;

Credit Audit of eligible accounts;

D2K certification for June, Sep & Dec quarter;

Statutory Audit; Revenue Audit

***** END OF RFR *****



Indicate Branch locations ---- Centre code list

CODE	STATE	CENTRE	REGION	CODE	STATE	CENTRE	REGION
1	ANDHRA PRADESH	GUNTUR	BANGALORE	51	HIMACHAL PRADESH	SIMLA	NORTH INDIA
2	ANDHRA PRADESH	HYDERABAD	BANGALORE	52	KARNATAKA	BANGALORE	BANGALORE
3	BIHAR	PATNA	KOLKATA	53	KERALA	ERNAKULAM	CHENNAI
4	CHHATISGARH	BHILAI	RAIPUR	54	KERALA	KAKKANAD	CHENNAI
5	CHHATISGARH	DURG	RAIPUR	55	KERALA	TRIVANDRUM	CHENNAI
6	CHHATISGARH	RAIPUR	RAIPUR	56	KERALA	UDYOGMANDAL	CHENNAI
7	D & N HAVELI	SILVASSA	SURAT	57	MADHYA PRADESH	BHOPAL	BHOPAL
8	DAMAN & DUE	DAMAN	SURAT	58	MADHYA PRADESH	INDORE	BHOPAL
9	GOA	GOA	THANE	59	MAHARASHTRA	AMALNER	NASHIK
10	GUJARAT	ADIPUR	BHUJ	60	MAHARASHTRA	AURANGABAD	PUNE
11	GUJARAT	AHMEDABAD	AHMEDABAD	61	MAHARASHTRA	CHANDRAPUR	NASHIK
12	GUJARAT	AMRELI	BHAVNAGAR	62	MAHARASHTRA	DHAKAMBE	NASHIK
13	GUJARAT	BHARAPAR	BHUJ	63	MAHARASHTRA	DHULE	NASHIK
14	GUJARAT	BHUJ	BHUJ	64	MAHARASHTRA	ICHALKARANJI	PUNE
15	GUJARAT	BOTAD	BHAVNAGAR	65	MAHARASHTRA	JANORI	NASHIK
16	GUJARAT	DAWN	BHAVNAGAR	66	MAHARASHTRA	LATUR	PUNE
17	GUJARAT	DEESA	MEHSANA	67	MAHARASHTRA	MALEGAON	NASHIK
18	GUJARAT	DHANERA	MEHSANA	68	MAHARASHTRA	MANMAD	NASHIK
19	GUJARAT	DHRANGADHRA	BHAVNAGAR	69	MAHARASHTRA	MUMBAI CITY	MUMBAI CITY
20	GUJARAT	GANDHIDHAM	BHUJ	70	MAHARASHTRA	MUMBAI SUBURB	MUMBAI SUBURB
21	GUJARAT	GANDHINAGAR	GANDHINAGAR	71	MAHARASHTRA	NAGPUR	NASHIK
22	GUJARAT	HARIJ	MEHSANA	72	MAHARASHTRA	NASHIK	NASHIK
23	GUJARAT	KADI	MEHSANA	73	MAHARASHTRA	PANCHAVATI	NASHIK
24	GUJARAT	KERA	BHUJ	74	MAHARASHTRA	PUNE	PUNE
25	GUJARAT	KHERALU	MEHSANA	75	MAHARASHTRA	SATANA	NASHIK
26	GUJARAT	MADHAPAR	BHUJ	76	MAHARASHTRA	SHAHADA	NASHIK
27	GUJARAT	MANDVI(KUTCH)	BHUJ	77	MAHARASHTRA	SHIRPUR	NASHIK
28	GUJARAT	MEHSANA	MEHSANA	78	MAHARASHTRA	SOLAPUR	PUNE
29	GUJARAT	MEHSANA	MEHSANA	79	MAHARASHTRA	THANE	THANE
30	GUJARAT	MIRZAPAR (KUTCH)	BHUJ	80	MAHARASHTRA	VINCHUR	NASHIK
31	GUJARAT	NAYA ANJAR	BHUJ	81	NEW DELHI	NEW DELHI	NEW DELHI
32	GUJARAT	PALANPUR	MEHSANA	82	PANJAB	LUDHIANA	NORTH INDIA
33	GUJARAT	PANTHAWADA	MEHSANA	83	RAJASTHAN	BHILWARA	NEW DELHI
34	GUJARAT	PANWADI	BHAVNAGAR	83	RAJASTHAN	JAIPUR	NEW DELHI
35	GUJARAT	PATAN(N.G.)	MEHSANA	84	RAJASTHAN	UDAIPUR	NEW DELHI
36	GUJARAT	RADHANPUR	MEHSANA	85	TAMILNADU	CHENNAI	CHENNAI
37	GUJARAT	RAJKOT	RAJKOT	86	TAMILNADU	COIMBATORE	CHENNAI
38	GUJARAT	RAMPAR VEKRA	BHUJ	87	TAMILNADU	ERODE	CHENNAI
39	GUJARAT	SIDHPUR	MEHSANA	88	TAMILNADU	TANJAVORE	CHENNAI
40	GUJARAT	SURAT	SURAT	89	TAMILNADU	TRICHY	CHENNAI
41	GUJARAT	SURENDRA NAGAR	BHAVNAGAR	90	UTTAR PRADESH	KANPUR	LUCKNOW
42	GUJARAT	TETODA	MEHSANA	91	UTTAR PRADESH	LUCKNOW	LUCKNOW
43	GUJARAT	THARA	MEHSANA	92	UTTAR PRADESH	NOIDA	LUCKNOW
44	GUJARAT	VADODARA	VADODARA	93	UTTAR PRADESH	RAHIMABAD	LUCKNOW
45	GUJARAT	VALSAD	SURAT	94	UTTARAKHAND	DEHRADUN	LUCKNOW
46	GUJARAT	VAPI	SURAT	95	WEST BENGAL	KOLKATA	KOLKATA
47	HARYANA	BHIWANI	NORTH INDIA				
48	HARYANA	CHANDIGARH	NORTH INDIA				
49	HARYANA	FARIDABAD	NORTH INDIA				
50	HARYANA	GURGAON	NORTH INDIA				



Covering letter (in SP's letter head) format

RBI Unique Code Number (UCN):

Partnership firm

Date: _____ 2013

Offer Reference No:

To:

**The Deputy General Manager
Dena Bank HO.
Inspection & Internal Audit Dept.
4th Floor, 17-Horniman Circle
Fort, Mumbai – 400023.**

Dear Sir,

In response to your Request for Registration of Concurrent Audit of Branches (HO/INSP/NOTE/1755/2013 dtd. 15-05-2013) for the year 2013-14, we offer our services as per the terms and conditions mentioned in the RFR.

In this connection we enclose _____ ARF(s) for evaluation and other details are as given below:-

No. of CISA/DISA = _____ No. of Ex-Banker as Audit Assts.= _____

No. of Centres (RFR) = _____ where we have Partner / Senior Auditor with proper office setup

There is deviation/s in clause no. _____ (if no deviation, write "NIL")

Yours Sincerely,

()

Name of Partner

ICAI Membership no. _____

Dated this _____ day of _____ 2013



Auditor Registration Form (ARF)

1	Name of the auditor		U	C	N										
2	ICAI membership number		Latest passport Photograph												
3	Aadhaar number														
4	PAN number														
5	Contact number														
6	Email ID														
7	Concurrent Audit experience?(if yes, write number of years)														
8	Other Bank Audit experience?(except concurrent audit)(if yes, write number of years)														
9	Do you have experience of Treasury Branch audit?														
10	Is any Ex-Banker in your team proposed to audit our branch?														
11	Do you hold any DISA / CISA certifications?														
12	Choice of Dena Bank Branch Centre@	Centre code		Centre											
13	Auditors office of the above mentioned centre														
		City:		State:		Pin:									

Documentary proof should be attached (zerox copy), @one ARF-one Centre, for multiple choices of centre, submit separate forms, provide the details in a separate sheets for questions 7, 8, 9, 10.

This has reference to the Bank's request for registration (Ref: HO/INSP/NOTE/1755/2013 dtd. 15-05-2013) of Concurrent Audit firm, I am authorized to take carry out the Branch allotted to our firm as a Senior Auditor with a minimum 4 visits in a month to the Branch at the Centre for discussions and final online submission of observations.

Signature:

In the Capacity of:

Duly authorized to sign the offer for and on behalf of :

Date, Seal of the firm

FOR OFFICE USE ONLY

APPL NO.		Centre		GRADE		OK	
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Prepared by

Checked by

Approved by