

GM/ /2017-2018

Date : 22.12.2017

To,  
M/s.....  
.....  
.....  
.....  
.....

**Sub : Sealed Tender for appointment of  
Concurrent Auditor for the year 2018-2019.**

Dear Sir,

Sealed tenders are invited for appointment of Concurrent Auditor for the year 2018-2019 as per details mentioned below :

**1) Introduction :**

Ours' is Salary Earner's Urban Co-operative Bank having working capital Rs.4071.18 crores as on 31.03.2017. We intend to appoint Registered Chartered Accountant Firm for conducting **100% Concurrent Audit** of 22 branches and Head Office (Accounts, Administration, Loan, Estate, Printing & Stationery, MR, Computer Department, Secretarial & Legal department ) for the financial year 2018-2019. Scope of audit for the same is enclosed for your reference.

Bank has implemented Core Banking Software (B@ncs24) at its all Branches and Head Office (Accounts Section). Concurrent audit is to be carried out accordingly and also examine various aspects connected with the system alongwith guidelines issued by Reserve Bank of India, Registrar of Co-operative Societies, I.C.A.I (as applicable) from time to time and policies/rules decided by Board of Directors of the Bank.

**2) Eligibility Criteria :**

- 1) The Chartered Accountant firm must be registered for more than 5 years and GST registration of Chartered Accountant firm must be in Maharashtra State only. Proprietary firm is not eligible for appointment as concurrent auditor.
- 2) The Chartered Accountant firm must have an experience of atleast 5 years in auditing of Bank . Out of that, Concurrent Auditor must have atleast last 2 years experience of auditing two banks.

.... 2 ....

- 3) Concurrent auditor must submit bank audit report in Marathi language only.
- 4) In order to have qualitative concurrent audit, the auditor deployed for concurrent audit must possess minimum B.Com. or C.A. (Inter) as educational qualification. Further he must have minimum one year bank audit experience.
- 5) The senior auditor must visit Branches and check the concurrent auditor's work atleast twice in a month .The senior auditor should prepare summary observation report of important issues observed during the concurrent audit and discuss the same with Branch Manager & obtain his signature on said report.
- 6) The concurrent auditor's official should do **100% concurrent audit** work specified for branch Bank as mentioned below to complete the concurrent audit work.

<b>Sr No.</b>	<b>Branches</b>	<b>Total Br.</b>	<b>Required Manpower</b>	<b>Required Mandays</b>	<b>Penalty @ 5% of Monthly Audit Fee</b>
1	<b>Large Transaction Br</b> Head Office ( Accounts, Secretary, Admn., MR, Printing & Stationery, Estate, IT Dept & Legal Dept. ), Head Office Br., Byculla, Parel	4	4	All working days & all working hours	Absent for 3 or more required mandays in a month per branch
2	<b>Medium Transaction Br</b> Nanachowk, Bandra, Ghatkopar, Mulund, Deonar, G-South, Andheri ( W ), Kandivali, Borivali, G-North, Andheri (E), Chembur	12	6	12 working days & all working hours in a month for each branch (Alternate day)	Absent for 2 or more required mandays days in a month per branch
3	<b>Low Transaction Br</b> (a) CST, Sion, Nair, Bhandup, Marinelines, Goregaon	6	3	11 working days & all working hours per month for each branch	Absent for one or more required mandays in a month per branch
	<b>(b)</b> Girgaon	1		4 working days & all working hours in a month	

- 7) The Chartered Accountant firm should not have refused any assignment allotted by The Municipal co-op. Bank Ltd., Mumbai in the past and also not debarred by The Municipal co-op. Bank Ltd./RBI/ICAI/any other Bank.

- 8) Chartered Accountants firms will have to pay Rs.15,000/- by the Demand Draft/Pay Order / Cheque as Earnest Money Deposit alongwith quotation. The Demand Draft/Pay Order/Cheque should be in favour of "The Municipal Co-operative Bank Ltd., Mumbai. EMD will be refunded after finalization of Concurrent Auditor for the year 2018-19. If the Chartered Accountant firm fails to comply with the terms and conditions of the Bank, EMD will be forfeited. No interest is payable on EMD.

**3) Submission of Report :**

- 1) Monthly concurrent audit report should be submitted within 7 days from the end of month wherein 1 copy to be sent directly to branches and 1 copy to Head Office in Marathi language only.
- 2) In case of serious irregularities / fraudulent practices in any areas of working of the branch are observed, a special report in a separate envelope may be submitted before completion of the Audit Report, so as to take immediate action. Any other significant observations which are of importance to the bank or any irregular activity other than mentioned in the scope, in the branch may also report the same to General Manager and Dy. General Manager at Head Office immediately for preventive action.
- 3) Concurrent Auditor should report day to day observations/irregularities in Spot Audit Register maintained at HO/Branch level and inform Branch Manager to rectify the same on regular basis. If these irregularities/queries are not rectified within a week period by branch then these should be reported to the Head Office and also in case the compliance is submitted but not complied properly or still same irregularities persist, the same should be included in the next audit report in the beginning.

**4) Sub-Contracting :**

Sub-contracting of any part of the audit by the Concurrent Auditor is strictly not allowed.

**5) Termination :**

- 1) The appointment is subject to review by the bank and the bank reserves the right to terminate the audit assignment of any Branches and Head Office (Accounts & other sections) without giving any notice to the Concurrent Auditor and without assigning any reasons whatsoever, thereof remuneration for the incomplete month shall not be payable.
- 2) In case the performance of the Concurrent Auditor falls short of the expectation, the bank shall have discretion to terminate the contract and replace the Concurrent Auditor at any time. The performance shall be evaluated on adequacy of coverage and quality of report, attendance of assistant and visits of partner, timely submission of report etc.

## **6) Penalty Provisions :**

- 1) The Auditor will render themselves accountable for their failure to detect and report serious irregularities. If the appointed Concurrent Auditor has not conducted audit as per auditing standards and norms as notified from time to time and if it is proved that he is negligent in performing audit of the Bank and he has not detected fraud, misutilisation of fund, inadequate provisioning, resulting into loss or profit of the bank then concurrent auditor shall be held responsible for the same and also Bank shall also recovered concurrent auditor fee.
- 2) Bank specifies the mandays for conducting the audit work for each branch. The Concurrent Auditor's officials should remain present as per schedule given for branch and Head Office for carrying out 100% concurrent audit work. If auditor remains absent as mentioned in Sr.No.2 (6) then Bank will deduct 5% penalty for each absent day from his sanction monthly audit fee of branch and Head Office.
- 3) If concurrent auditor fails to submit report within 7 days from the end of month then Bank will recover 5% of sanction monthly audit fee as penalty for each delay day from his sanction monthly audit fee of branch and Head Office.
- 4) The senior auditor must visit Branches and check the concurrent auditor's work atleast twice in a month. If senior auditor fails to visit Branch at least twice in a month, then it is presumed that audit of that branch is not done by Concurrent Auditor and audit fee for that particular month will not be paid.
- 5) Non-financial penalty and / or termination of contract in addition to reporting to RBI/ICAI through Board of Directors, in cases of
  - [a] Non coverage of scope laid down by the bank/ RBI
  - [b] Non adherence of prescribed reporting timelines
  - [c] Non follow up of terms of contract ; and
  - [d] Doing any other acts which results in loss to bank financially or otherwise.

## **7) Responsibilities of the Bank :**

- 1) The Auditors engaged for Concurrent Audit by the Concurrent Auditor are authorized to have access to any documents and records considered necessary for the performance of their functions within the auditee unit(s). He can also request to staff and management of the Bank to supply such information and explanations, as may be needed in carrying out his work, which is to be provided by the Bank within a reasonable period of time.
- 2) Audit record will be made available in time by Head office/Branches. If same is not made available to Concurrent Auditor by Head office/Branches in time, same should be reported to Asstt.General Manager or Senior Manager at Head Office (Audit Section).

**8) Relationship between Bank and Concurrent Auditor :**

- 1) The Concurrent Auditor shall act as independent Concurrent Auditor.
- 2) None of the employees or audit person of Concurrent Auditor shall be entitled to claim permanent absorption or any other claim or benefit against the Bank.
- 3) All the obligations towards employees or audit person of Concurrent Auditor including that on account of personal accidents occurred while working in the premises of the Bank shall be with the respective concurrent Audit firm and not on the Bank in whose premises the accident occurred.

**9) Confidentiality :**

- 1) For the purpose of this concurrent audit, Confidential Information shall mean (i) information of all kinds, whether oral, written or otherwise recorded including, without limitation, any analyses, compilations, forecasts, data, studies or other documents, regarding the past, current or future affairs, business, plans or operations of a Bank to which the Concurrent Auditor will have access, (ii) any customer details or the classified information or such information on customers of the Bank.
- 2) Concurrent Auditor employees/representatives should keep such information confidential conforming to Bank's secrecy obligation.
- 3) The obligations shall continue even after the termination/ expiry of this concurrent audit work. Confidentiality obligations of the Concurrent Auditor in respect of any customer data/ details of the Bank shall be absolute, unconditional and without any time limit, irrespective of the expiry/ termination of the concurrent audit.

**10) General Indemnity :**

The Concurrent Auditor shall be directly and vicariously liable to indemnify the Bank in case of any misuse of data/information of the Bank by the Concurrent Auditor, deliberate or otherwise.

**11) Other Terms and Conditions :**

- 1) The concurrent auditor's official doing branch/Head office audit should not be changed frequently.
- 2) The Chartered Accountant firm should have sufficient number of Chartered Accountants, Qualified Assistants and support staff to ensure that the audit work is conducted smoothly and within the timeline stipulated by the bank.

- 3) The Partner/directors shall have to attend meetings as and when called by Executives of the Bank at Concurrent Auditors own cost.
- 4) The Bank reserves the right to change Scope of Audit & the reporting formats, at any time. If during period of audit, the bank procure Audit Software for conducting Concurrent Audit and reporting therein. Selected Chartered Accountant firm will have to conduct the concurrent audit and submit reports as per provisions of the software, once the same is made alive. Separate login ID shall be provided to the concurrent Auditors.
- 5) Bank does not bind itself to accept the lowest or any tender also reserve the right to reject any tender without giving any reason.
- 6) Bank reserves its right to add/alter or modify the conditions depending upon the circumstances at the time of opening the tender.
- 7) Delay/wrong/non-payment of GST/any applicable taxes may attract legal action against Chartered Accountant firm. Any such loss arises to the Bank due to negligence, Chartered Accountant firm has to make good the same at your risks & cost.
- 8) The court of Mumbai, alone shall have jurisdiction to decide any dispute arising out of or in respect of this concurrent audit work.
- 9) The successful Chartered Accountant firm will have to keep Rs.1,50,000/- as security deposit with the Bank till successful completion of concurrent audit work which will bear no interest. If the Chartered Accountant firm fails to comply with the conditions specified by the Bank, security deposit will be forfeited.

## **12) Proposal Evaluation and Selection :**

The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked " TECHNICAL PROPOSAL ". Similarly, the original Financial Proposal shall be placed in a separate sealed envelope clearly marked " FINANCIAL PROPOSAL " followed by the name of the assignment, and with a warning " DO NOT OPEN WITH THE TECHNICAL PROPOSAL ". The envelopes containing the Technical and Financial Proposal shall be place into an outer envelope and sealed. This outer envelope should be clearly marked TENDER FOR APPOINTMENT OF CONCURRENT AUDITOR FOR THE YEAR 2018-2019 " and be deposited in the tender box kept for this purpose at our Head Office, **MUNICIPAL BANK BHAVAN, 245, P.D'MELLO ROAD, FORT, MUMBAI-400 001** upto 3.00 p.m. on or before 12.01.2018.

.... 7 ....

If the Financial Proposal is not submitted in a separate sealed envelope duly marked as indicated above, this will constitute grounds for declaring the Proposal non-responsive.

Financial Proposal of only those firms who meet given eligibility criteria and qualify technically will be opened. Eligible Concurrent Audit work will be awarded to Chartered Accountant Firm as per tender term.

**GENERAL MANAGER (I/C)**

rmb/- 20.12.2017  
Concurrent Auditor-Nomination

**FORMAT FOR SUBMISSION OF FINANCIAL PROPOSAL**

**FINANCIAL PROPOSAL : -**

- 1) The base price/fee excluding all taxes for 22 branches & Head Office (Accounts, Administration, Loan, Estate, Printing & Stationery, M.R., Computer Department & Secretarial department, Legal Department) for conducting 100% concurrent audit for the year 01.04.2018 to 31.03.2019 is as follows. Registered Chartered Accountant firms shall quote for the same or less or above the base price/fee with proper rate/estimate/floor price analysis.

<b>Sr. No.</b>	<b>Branch</b>	<b>Total Remuneration (Per month) (Plus applicable taxes)</b>	<b>Chartered Accountant Firm Quote (Per month) (plus applicable taxes)</b>
	<b>LARGE TRANSACTION BRANCHES</b>		
1	Head Office (Accounts, Administration, Loan, Estate, Printing & Stationery, M.R., Computer & Secretarial department, Legal Department )	11,000.00	
2	Head Office Branch	11,000.00	
3	Byculla	11,000.00	
4	Parel	11,000.00	
	<b>MEDIUM TRANSACTION BRANCHES</b>		
5	Nanachowk	7,000.00	
6	Bandra	7,000.00	
7	Ghatkopar	7,000.00	
8	Mulund	7,000.00	
9	Deonar	7,000.00	
10	G/South	7,000.00	
11	Andheri (West)	7,000.00	
12	Kandivali	7,000.00	
13	Borivali	7,000.00	
14	Dadar (G/North)	7,000.00	
15	Andheri (East)	7,000.00	
16	Chembur	7,000.00	
	<b>SMALL TRANSACTION BRANCHES</b>		
17	C.S.T.	5,000.00	
18	Girgaon	5,000.00	
19	Sion	5,000.00	
20	Nair	5,000.00	
21	Bhandup	5,000.00	
22	Marine Lines	5,000.00	
23	Goregaon	5,000.00	
	<b>Monthly Total Remuneration (Rs.) (Plus applicable taxes )</b>	<b>1,63,000.00</b>	
	<b>Annual Total Remuneration (Rs.)( Plus applicable taxes )</b>	<b>19,56,000.00</b>	



- 2) Bank will not pay out of pocket expenses or travelling allowance / halting allowance/ other fee / payment / re-imbusement of expenditure on account of Stay / Travel / Local Conveyance / Stationery, etc., and/or any other expenditure whatsoever to the concurrent audit firm for carrying out the assignment. However, taxes shall be paid as applicable from time to time in addition to the basic fees. The payment to the concurrent auditors shall be subject to deduction of tax at source at appropriate rates.
- 3) Concurrent Auditors shall provide various Certifications covering NPA provisioning, CRAR, DEAF, DICGC, quarterly & half yearly investment certificate-CCIL (structure verification certificate), financial information needs to be submitted to various association/federation. etc. Similarly, certification regarding Tax Audit shall also be provided by the Concurrent Auditor. These certificates, as a part of the Concurrent Audit assignment, would be given by the Concurrent Auditors on their letter head without any additional certification fee.

rmb/- 20.12.2017

Concurrent Auditor-Nomination

**FORMAT FOR SUBMISSION OF TECHNICAL PROPOSAL**

**TENDER FOR CONCURRENT AUDIT OF THE BANK  
FOR THE PERIOD 01.04.2018 TO 31.03.2019**

<b>Sr No.</b>	<b>Particulars</b>	<b>Remarks</b>
1	Name of the firm	
2	Date of establishment of the firm	
3	Status of the firm	
4	Regd. Office Address	
5	ICAI Registration No.	
6	GST Registration No. & Registration State	
7	No. of years of experience in Audit of Bank. Out of which, last 2 years (2016-17 & 2017-18) experience in Bank audit	
8	Whether agree to submit Audit Report in Marathi language	Yes / No
9	Whether agree to deploy concurrent auditor with minimum B. Com. Or C. A. (Inter) as educational qualification with minimum one year bank audit experience	Yes / No
10	Visit of senior auditor to branches/Head Office atleast twice in a month	Yes / No
11	Whether refused any assignment allotted by The Municipal co-op. Bank Ltd. In the past	Yes / No
12	Whether Chartered Accountant firm debarred by ICAI/RBI or other Bank	Yes / No
13	EncloseDD/Cheque/Payorder of Rs.15,000/- as EMD	Yes / No
14	Whether agree to deposit Rs.1,50,000/- as Security Deposit	Yes / No

**Supporting documents for Eligibility Criteria :**

1. Company Profile including information regarding number of partners or directors staff strength / profile of partners or directors etc.
2. Self Attested copy of Certificate of ICAI
3. Self Attested Copy of GST registration certificate
4. Self Attested Copy of appointment letters from the Auditee Banks

rmb/-16.12.2017

Concurrent Auditor-Nomination

**THE MUNICIPAL CO-OPERATIVE BANK LTD., MUMBAI.**  
**MUMBAI – 400 001.**

Bank has implemented core Banking Software at its all Branches & Head Office (Accounts Section) and concurrent audit is carried out accordingly & also you have to examine various aspects connected with the system alongwith guidelines of RBI, CS, ICAI or any other statutory authority as applicable & issued from time to time & policies/rules decided by Board of Directors of the bank. Concurrent Audit Report should be submitted in Marathi language within 7 days after completion of each month wherein one copy directly to branch & one copy directly to Head Office. Auditor should carry out audit of 100% Bank transactions. Observation in audit report should be specific. It should not be like “in some case” or “in few cases”. All the remarks should be written with instances.

**SCOPE OF CONCURRENT AUDIT (BRANCHES)**

**(A) CASH**

- (i) Daily cash transactions with particular reference to any abnormal receipts & payments. For e.g. Deposit or withdrawal of Rs.50,000/- & above in a day or by way of splitting into various amount, pay orders made in cash
- (ii) Proper accounting of inward & outward cash remittances
- (iii) Administration of RBI Clean Note Policy.
- (iv) Reporting of counterfeit currency
- (v) Review of cash transactions of Rs.5 Lacs & above per month in a single account.

**Key Areas :**

- **All expenses vouchers incurred under the Asstt.Manager/Branch Manager/Senior Manager/Asstt.General Manager/Dy.General Manager & General Manager’s powers.**
- **Atleast once in a month surprise physical verification of cash, Special Adhesive Stamps, Revenue Stamps, Tokens, ATM Cash.**

**(B) DEPOSITS**

- (i) Verification of daily transactions about deposit received and repaid.
- (ii) Verification of interest paid on deposits including calculation of interest of any 25 deposit a/cs. To ensure the application of correct rates of interest on all type of deposits.
- (iii) VPIS Photo & Signature scanning with scanning pending report.
- (iv) Matured & Overdue Deposit notices forwarded to the concern depositor well in time.

(v) Pending of deposit receipts, Saving Pass Book, Cheque Book for delivery to depositors.

(vi) Premature payment of term deposit to be checked.

**Key Areas :**

- **Verification of all new accounts opened & report generated through TJSB AML Software attached operations in new current/ saving account in the initial 6 months period itself to see whether there are any unusual operations.**

..2..

-: 2 :-

- **Verification of formalities/KYC norms applicable while opening of new accounts as per RBI guidelines, queries should be shown immediately to Branch officials & compliance should be reported in next report. Risk Categorization i.e. High/Medium/Low risk flag to depositor account. (Furnish the no. of accounts opened & checked specify no. of accounts not updated by the branch)**
- **Anti money laundering measures & circulars issued there under.**
- **Verification of proper deduction & payment of tax deducted at source in time as applicable or obtained 15H/15G Forms & its online submission to the applicable authority specified period of time as applicable & filing of various TDS returns. Issue of TDS Certificate to the depositor generated through TRACES.**
- **Verification of a/c operation of all types of in-operative A/cs, Sundry Creditors & Suspense A/cs, settlement and payment of deceased depositors claims, settlement and payment of final claims of members especially wherever nominee is not appointed whether proper documents are obtained or not while effecting the payment to the claimant. 100% checking of all members claims & cross checking of members benefit given in such claims.**

**(C) ATM AUDIT**

- i) Atleast once in a month surprise physical verification of cash
- ii) Custody of ATM cash and keys

- iii) Preservation of used ATM roles (JP log) taken from ATM machines.
- iv) Audit of daily statement prepared by branch officials at the time of loading of cash/  
Daily ATM Cash loading Register
- v) Ensure that the camera of the ATM is functioning & preservation of recording
- vi) To ensure that customers complaints are dealt with promptly including delay in reimbursing the customers for failed ATM transactions as per RBI guidelines.
- vii) Verification of ATM complaints redressal within 7 days & as per RBI guidelines/circulars issued from time to time.

**Key Areas :**

- **Reconciliation of ATM account in GL with physical cash.**

**(D) ADVANCES**

- (i) Ensure that loans & advances have been sanctioned properly (i.e. after due scrutiny & at the appropriate level) Verify whether the sanctions are in accordance with delegated authority & rules framed by Board of Directors. Concurrent Auditor should confirm that the Medium Term Loan, Emergency Loan etc. are renewed/sanctioned & disbursed during the period are strictly as per loan rules & no violation of whatsoever is observed. If any violation observed it should be reported in audit report. It will be responsibility of auditor to verify loan applications mentioned below.

..3..

-: 3 :-

Percentage should be calculated on daily sanctioned loan applications.

- ❖ 100% Housing loan applications/Mortgage loan/Vehicle loan/Education loan
  - ❖ 100% member of other society Medium Term loan applications
  - ❖ 25% of remaining Medium Term Loan applications
  - ❖ 10% of Emergency Loan applications
  - ❖ 100% of Staff loan applications
- (ii) In case of sanctioned Housing loan before audit period of concurrent auditor, he should verify original documents once in a year. To ensure that securities & documents have been properly obtained & charged/registered. In case of Housing Loan whether branch has obtained occupation certificate, share certificate & also it should be ensured that atleast one post sanction visit had been given during the

year in each Housing Loan case. Confirmation of noting of Banks charge on member register of society after formation of Housing Society.

- (iii) To ensure that post disbursement supervision including verification of end use in case of Housing Loan, Vehicle Loan, Education Loan & follow up is proper.
- (iv) To ensure the documents of NPA loans are filed separately..
- (v) Observe the movement of Top 20 NPA account & verify the details of the same.
- (vi) Verification of payslips with salary data submitted with loan application.
- (vii) To ensure Overdue loan notice sent by branches.
- (viii) To ensure the application of correct rates of interest on all type of deposits.

**Key Areas :**

- **Verify loan against Term Deposits confirming the lien created on F.D. Receipts, R.D., Pass Books (to be verified physically & also in personal account of the account holder in the system) for the loans given during the audit period. Verify on monthly basis, lien on term deposits for total outstanding of loan against term deposits.**
- **Scrutiny of performing & non performing assets accounts as per RBI guidelines in this respect. Auditor have to verify the accounts in respect of income recognition of Performing & Non Performing Assets & Assets Classification made by the branch on ON GOING BASIS in terms of memorandum of instruction given by RBI in this regard. You will have to give certificate of Income Recognition, Asset Certification and Provisioning thereof for every quarter ended on 30th June, 30th September, 31st December & 31st March before 15th of next month of the every quarter end.**

..4..

-: 4 :-

**(E) BALANCING & RECONCILIATION**

**Key Areas :**

**(i) Verification of**

- ❖ **Reconciliation of all types of Deposits & Loans,**

- ❖ **Share Capital**
- ❖ **Compulsory Deposit**
- ❖ **Excess recovery**
- ❖ **Suretyship Deposits**
- ❖ **Wrong Recoveries**
- ❖ **Member Welfare Fund,**
- ❖ **Paysheet recovery CARC**
- ❖ **Head Office A/cs**
- ❖ **Pay Order**
- ❖ **Bank Accounts**
- ❖ **Sundry Creditors**
- ❖ **Advance for Expenses**
- ❖ **Advance for conference expenses**
- ❖ **Sundry Deposits**
- ❖ **Sundry Debtors**
- ❖ **Unpaid Dividend**
- ❖ **Unpaid Final Claim**
- ❖ **Unpaid Insurance Claim**
- ❖ **Suspense Accounts**
- ❖ **Core Banking Account.**
- ❖ **ATM reconciliation**
- ❖ **Other account heads**

(ii) Ensure that the maintenance & balancing of accounts & register is proper.

**(F) HOUSEKEEPING**

1. Verification of proper inventory of dead stock items, printing & stationery items, stock of cheque books, pay orders, deposit receipts, locker keys etc. Surprise check of inventory of dead stock items, stationery items deficiencies & comments.
2. Verification of Muster, Causal Leave, overtime & other leave record at branch level.
3. Verification of various registers maintained by branch.
  - ❖ Pay Order Register
  - ❖ Key register
  - ❖ Token Register
  - ❖ Locker Rent Register
  - ❖ Duplicate Pass Book Issue Register,
  - ❖ Telephone Call Register

- ❖ Staff Rotation Register
- ❖ Staff Concession Register

..5..

-: 5 :-

- ❖ Cheque return register and reasons for return of cheques should be looked into and whether Bank's guidelines are complied with.
  - ❖ Cheque book issue register, with individual account, whether the VPIS of cheque book have been done properly & also verify the requisition slip in this regard.
  - ❖ Deposit receipt issue register and check whether all issued deposit receipts are handed over to depositors in time.
4. The system errors occurred/observed during your verification/audit, if any should be noted along with the date, time & text of the error message displayed & be reported to the Head Office along with suggestions to improve the system working in the branch.

**Key Areas :**

- **Check whether debits in income account have been permitted by the competent authorities**
- **Detection & prevention of revenue leakages through close examination of Profit & Loss accounts / transactions.**
- **To verify reports/audit adhoc report/exceptional report generated by system.**
- **Verification of interest calculation, Interest Paid, Interest Accrued & Interest Received, Arrears of Interest, Penal Interest, Interest on NPA A/c. Pay Order commission, service charges, incidental charges, minimum balance charges, Cheque Return charges, Duplicate Pass Book charges, Statement Charges if any. Standing Instruction charges, cheque return charges, Locker Rent, ATM charges any other charges prescribed by Bank from time to time etc.**

**(G) OTHER ITEMS**

1. Verification of final claims of members, Payment on account of member Welfare benefits under various scheme i.e. Medical Aid, Emergency Aid etc.
2. To ensure & check that the branch gives proper compliance to the internal audit/concurrent/statutory audit reports. The report should specify & list out incompleeted reports & serious uncomplined queries from past period reports of upto



past six months. To ensure compliance of remark put by Bank's officials during their visit in visit report.

3. To verify whether the statements, H.O. returns, Branch Manager's Certificate and statutory returns submitted in time.
4. To comment about customer service of the branch.
5. Verification of debits to Member Welfare Fund, Surety Guarantee Fund, Recovery from non members, Excess Recovery to prevent unauthorised debits.
6. Certification of monthly Trial Balance & analysis of Trial Balance.
7. Noting of latest address, nomination, telephone Nos. in MR Data. CCTV Cameras, all hardware installed at Branch.

..6..

-: 6 :-

8. Working of Cash Counting Machine, Ultra Violet Lamp, CCTV Cameras, all hardware install at the Branch, verification of Annual Maintenance Contract i.e. Air Conditioner, CCTV system etc.
9. Monthly meeting with staff/customer dates & whether minutes are properly maintained & minutes to be mentioned in report.
10. Monthly verification of newly admitted member & whether their recovery effected immediately as per Bank procedure.
11. Other statutory deduction & payment in time.
12. Comments about Cleanliness of branch
13. Condition of bank's name Board & all display board & comments
14. Old records maintenance as per Bank procedure
15. UPS functioning testing in the Branch once in a week & record of the same.

**Key Areas :**

- **Confirmation of Trial Balance opening balances of all heads of 01.04.2018**
- **Checking of**
  - (1) **BGL Day Book Report. The Auditor should specifically verify if any entry is passed in Interest on or Interest payable BGL.**
  - (2) **Voucher Verification Report**
  - (3) **Daily Trial Balance**

#### **(4) System Transaction Report**

#### **(5) Exceptional Report**

- **Vouching, Journal & Others**
- **To verify 100% vouchers and certificate of voucher checking**
- **Verification of staff accounts (all accounts)**
- **Monthly verification of flag of member after cessation of membership on account of retirement, Voluntary Retirement, Expired etc.**
- **Variance in telephone & electricity bill comparison with previous month.**

#### **(H) Checking of security**

1. Security Alarm
2. CCTV System, recording available in CCTV System, connection of CCTV System to UPS etc.
3. CCTV Camera of ATM Cabin
4. Confirmation whether Branch Officials monitor mechanism in place for regular review for proper functioning of the camera.
5. Confirmation as to servicing done as per Annual Maintenance Contract
6. Shops & establishment licence renewal

Apart from above items, auditor may add other items to the aspects mentioned above which in his opinion are useful for the purpose of proper control of the branch.

#### **Key Areas :**

- **Renewal of Gun License & Gun Servicing**

..7..

-: 7 :-

#### **Checking of Computer System**

1. To ensure that certificate is obtained from I.T. department by the branch in respect of antivirus is updated in all computers.
2. To ensure that server is not kept in logged mode.
3. Verification of connectivity register, Hardware Complaint Register, Software problem Register, Information System Register, Hardware (Assets) Register, Hardware (Assets) Movement Register

#### **Key Areas :**

- **To ensure Branch has not used any external devices such as pen drive, CDs, DVDs etc. in any computer of Bank (Unless Branch has specific instruction and permission to do so)**
- **To ensure that server room is kept under lock & key & maintain proper server room access register.**

#### **(I) ATM CARDS**

1. Whether Branch has maintained register as per Order No.2557.
2. Verification of the ATM PIN mails kept in lock & keys & on daily basis ATM PIN mails tallied by the Branch Officials.

#### **(J) LOCKERS**

##### **Key Areas :**

- i) Verification of locker rent, Reconciliation of No. of lockers with keys i.e. occupied, vacant, sealed locker also locker register.**
- ii) Re-allotment of surrender locker.**
- iii) To verify safe deposit locker related transactions/records wherever safe deposit lockers service is provided.**
- iv) Verification of lockers documents & locker operations.**

#### **(K) In case of Deonar Branch Audit, Auditor should inspect Deonar Record Room.**

1. Verification of maintenance of record as per RBI guidelines.
2. Condition of Record Room.

Date :-20.12.2017

rmb/- Scope of Audit-HO-BR

**THE MUNICIPAL CO-OPERATIVE BANK LTD., MUMBAI.**  
**MUMBAI – 400 001.**

**SCOPE OF CONCURRENT AUDIT (HEAD OFFICE)**

**(A) ACCOUNTS SECTION**

- 1) Preparation of disclosure as per RBI guidelines, accounting policies & notes forming part of Balance Sheet, Preparation of Cash flow statement & Accounting Standard -22, Accounting Standard 6 & 10, Accounting Standard -17 & other Accounting Standards as applicable. Co-ordinating audit of Branches also coordinating with Statutory Auditor.
- 2) Inter branch reconciliation, reconciliation of bank accounts, reconciliation of pay order, sundry creditors & other related accounts, submission of returns to various authorities such as Reserve Bank of India/Registrar of Co-op. Societies/Deposit Insurance Corporation etc.
- 3) Funds management, inclusive of Cash Management of Branches.
- 4) Once in a month surprise physical verification of cash of Accounts Section.
- 5) Checking of BGL Day report, voucher verification report, daily trial balance, system generating transaction report etc.
- 6) All expenses vouchers incurred under the Asstt.Manager/Branch Manager/Senior Manager/Asstt.General Manager/Dy.General Manager & General Manager powers.
- 7) Details reports with analysis of each & every area of A/cs Section.
- 8) Verification of proper deduction & payment of TDS in time as applicable, submission of TDS return.
- 9) Submission of GST return/RBI Return /RBI Statement
- 10) Verification of Causal Leave, Overtime & other Leave Records, Concession register

➤ **Clearing Portfolio**

- 1) Inward & Outward Cheques clearing, CTS, clearing difference, NACH, ECS, POS, IMPS, ATM transaction
- 2) Audit of clearing account/transactions.
- 3) Periodical reconciliation of clearing account.
- 4) Accounting of difference in clearing account.
- 5) Interest/charges debited by clearing house.

➤ **Investment Portfolio**

- 1) Quarterly /half yearly verification of investment & certification of the same.
- 2) Verification of interest receivable & interest received on investment.

- 3) To confirm that our investment policy has been framed in line with the guidelines of Reserve Bank of India.
- 4) To ensure the operations are conducted in accordance with sound and acceptable business practices & in compliance with relevant RBI circulars.
- 5) Physical verification & reconciliation of securities with SGL Balance & confirmation.

..2..

-: 2 :-

- 6) Verification of dealing (Sales & Purchase) in investment portfolio of Bank and constituents accounts, if any.
- 7) Accounting of Interest and Profit & Loss on investment.
- 8) Valuation of investment in line with guidelines issued by RBI & at rates prescribed by FIMMDA & providing for depreciation on investment under "Available for Sale" categories.
- 9) To analyse the return on investment made during the year.
- 10) All GOI Transaction should be counter checked on following day from reputed Newspapers (For example : Economics Times/CCIL & RBI Website)
- 11) Other relevant features of RBI Circular
- 12) Asset Liability Management Report whether the periodical report sent to Reserve Bank and Concurrent Auditor should submit his comment on the same reports.
- 13) Monthly certificate of DEAF, CCIL Certification
- 14) Half yearly certificate of DICGC.

➤ **Calculation & Maintenance of SLR and CRR**

Verify position of SLR & CRR on select dates and ensure adherence to the same.

- Correctness of the compilation on DTL Position
- Maintenance of Liquid Assets
- Verification of RTGS/NEFT Transaction/Backup of RTGS/NEFT/NACH/ECS Server. Checking transaction of RTGS, NEFT, confirming collection of

proper commission and credit the same to respective A/cs, Reconciliation of the said accounts.

#### **(B) PROVIDENT FUND ACCOUNT**

- (a) Verification of GST : Monthly preparation of all branches & monthly/quarterly/half yearly/yearly (as applicable) returns
- (b) Verification of PF Monthly Challans, monthly returns of exempted group
- (c) Verification of Monthly PF recoveries posting to individual member account (Ledger)
- (d) Verification of Monthly Investment of P.F. Funds
- (e) Verification of Maintenance of Security Register
- (f) Verification of P.F. Final Claims of retiring members
- (g) Verification of P.F. Pension Claims
- (h) Verification of P.F. EDLI Claims
- (i) Verification of P.F. Non refundable Advances
- (j) Verification of Cash Book, General Ledger

..3..

-: 3 :-

- (k) Verification & certification of Trial Balance, Income & Expenditure Statement & Balance Sheet of Trust
- (l) Computation of Income & Filing of Income Tax return online or otherwise for P.F.Trust
- (m) Verification & certification of Submission of Trial Balance, Income & Expenditure Statement & Balance Sheet along with Auditor's Report to P.F. Office, Bandra
- (n) Verification of P.F. Annual Returns of exempted group to P.F.Office, Bandra
- (o) Verification of P.F. Annual Compliance Audit by P.F. Enforcement Officers
- (p) Prepare Income & Expenditure Statement to be produce at I.T. Office for obtaining certificate for non deduction of TDS on Interest received on investment on P.F.

#### **(C) CHECKING OF COMPUTER SYSTEM**

1. To ensure Branch has not used any external devices such as per drive, CDs, DVDs etc. in any computer of Bank (Unless Branch has specific instruction and permission to do so)
2. To ensure Branch has not downloaded any free pirated software from internet or by any mode.
3. To ensure that antivirus is updated in all computer.
4. To ensure only FTP folder is shared to users.
5. To ensure that server room is kept under lock & key with cleanliness in server rooms. No stationery should be kept in the server room.
6. Verification of connectivity register, Hardware Complaint Register, Software problem Register, Back up register, Register, Asset Movement Register, Server Room Access Register, Visitors Register, UPS Maintenance Register.
7. To ensure whether user is login to the PC with his own user ID.

#### **(D) MR SECTION/SECRETARIAL SECTION**

- Preservation of MR Forms, and KYC documents attached with application form.
- Preservation of Minutes Books, whether minutes written uptodate & signed.
- Verification of “I” and “J” Registers, Membership Record
- Certificate of financial information needs to be submitted to various association/federation etc.

#### **(E) ADMINISTRATIVE DEPARTMENT**

- Verification of Service Book i.e. Leave Calculation, noting of Promotion, Warning Memo given etc.
- Verification of concession register
- Verification of Payment of Gratuity, Leave Encashment to Bank’s Staff at the time of retirement/VRS etc & discharge letter taken from staff
- Verification of Annual increment
- Verification of payment made to vendors/contractors etc

..4..

-: 4 :-

- All types of payment made to staff.
- Other statutory deduction & payment in time
- Verification of arrears due to salary revision

- Checking of investments and IT Rebate/limits under Income Tax sections etc.
- Checking of e-tds filing 24Q & 26Q
- Verification of muster, causal leave
- Centralised calculation of salary, wages & other allowance at Head Office.

#### **(F) ESTATE DEPARTMENT**

- Verification of purchases, repair/renovation, Capitalisation of Furniture/Fixture/Dead Stock
- Verification of Annual Maintenance Contract given & renewal made
- Verification of EMD, payment made to the Contractor, Vendor
- Other statutory deduction & payment in time

#### **(G) PRINTING & STATIONERY**

- Verification of Purchases made during the year
- Verification of Printing and Stationery items sent to the branches & record of the same
- Other statutory deduction & payment in time

#### **(H) LOAN SECTION**

- Preservation of Nominal Membership staff Forms
- Preservation of documents of Housing Loan, Vehicle Loans to staff etc.
- Verification of all type of loan sanction/disburse to staff
- All other work of loan section at Head Office
- In case of Housing Loan whether branch has obtained occupation certificate, share certificate & also it should be ensured that atleast one post sanction visit be given during the year in each Housing Loan case. Confirmation of Bank charges after formation of Housing Society
- To certify monthly NPA report and submit to Loan Department.

To ensure and check that all Sections gives proper compliance to the Internal audit/Concurrent/Statutory Audit Reports. The report should specify and list out incompleeted reports and serious uncomplieed quires from past period reports of upto past 6 months.



BRANCH	Membership Deposits	Deposits (In Crores)		Loans (In Crores)	
		Total A/cs	Amount	Total A/cs	Amount
<b>High Transaction Branches</b>					
Head Office					
Head Office Branch	6250	10079	109.00	5361	158.91
Byculla	8671	14173	68.45	8344	271.78
Parel	9776	21776	153.25	7936	236.90

BRANCH	Member-ship-Deposits	Deposits (In Crores)		Loans (In Crores)	
		Total A/cs	Amount	Total A/cs	Amount
<b>Medium Transaction Branches</b>					
Nana Chowk	4158	8345	42.73	3950	133.59
Bandra	5152	10624	72.11	4705	147.74
Ghatkopar	5371	13229	106.82	4749	135.86
Mulund	4237	14214	199.65	3755	106.25
Deonar	3071	10848	67.42	3042	92.14
G/South	3171	9228	66.99	2935	94.90
Andheri (West)	3991	1617	99.17	3443	102.53
Kandivali	3889	12417	102.70	3375	99.28
Borivali	3194	22501	381.00	2585	78.52
G/North	3873	8615	65.06	3624	115.16
Andheri (East)	3073	7398	80.06	2664	80.92
Chembur	4158	6965	47.45	4293	133.35

BRANCH	Membership Deposits	Deposits (In Crores)		Loans (In Crores)	
		Total A/cs	Amount	Total A/cs	Amount
<b>Low Transaction Branches</b>					
C.S.T.	2891	14527	172.31	1567	37.21
Goregaon		2095	19.37	--	--
Sion	2591	9642	121.55	2094	56.22
Nair	2542	7645	73.38	2020	54.70
Bhandup	2061	6604	88.92	1862	54.85
Marine Lines	2097	2844	11.27	2268	76.06
Goregaon	1164	1374	6.53	1130	33.02

व्हीव्हीडी/- २०.१२.२०१७

File : Board Meeting -2017

Vidhi Lekha Commi Dec.2017

Concurrent Audit	Checking of Report/Physical Verification	Scope	Area
A Physical and Environmental Security	<ol style="list-style-type: none"> <li>✓ 1. Access control systems</li> <li>✓ 2. Fire / flooding / water leakage / gas leakage etc.</li> <li>✓ 3. Assets safeguarding, Handling of movement of Man /Material/ Media/ Backup / Software/ Hardware / Information.</li> <li>4. Air-conditioning of DC/ DRC, humidity control systems of the bank</li> <li>✓ 5. Electrical supply, Redundancy of power level, Generator, UPS capacity.</li> <li>✓ 6. Physical &amp; environmental controls.</li> <li>✓ 7. Pest prevention (rodent prevention) systems</li> </ol>	Report Physical Physical Physical Physical Physical Physical	HO_Accounts All All HO_Accounts All All All



B	Operating Systems Audit of Servers, Systems and Networking Equipment	<ol style="list-style-type: none"> <li>✓ 1. Setup &amp; maintenance of Operating Systems Parameters</li> <li>2. Updating of OS Patches</li> <li>3. OS Change Management Procedures</li> <li>4. Vulnerability assessment &amp; hardening of Operating systems.</li> <li>✓ 5. Users and Groups created, including all type of users" management ensuring password complexity, periodic changes etc.</li> <li>6. File systems security of the OS</li> <li>7. Review of Access rights and privileges.</li> </ol>	<p>Check Change Management Register</p> <p>Physical</p> <p>Physical</p> <p>Use tool quarterly</p> <p>Physical Quarterly</p> <p>Physical</p> <p>Report Checking</p>	<p>IT Cell</p> <p>All</p> <p>All</p> <p>All</p> <p>Ho_Accounts</p> <p>IT Cell</p>
C	Application level Security Audit	<ol style="list-style-type: none"> <li>✓ 1. Only authorized users should be able to edit, input or update data in the applications or carry out activities as per their role and/or functional requirements</li> <li>2. User maintenance, password</li> </ol>	<p>Checking log from report</p>	<p><del>All</del></p> <p>IT_cell</p>



		<p>policies are being followed are as per bank's IT security policy</p> <p>3. Authorization controls such as Maker Checker, Exceptions, Overriding exception &amp; Error condition. Authentication mechanism.</p> <p>4. To review all types of Application Level Access Controls including proper controls for access logs and audit trails for ensuring Sufficiency &amp; Security of Creation, Maintenance and Backup of the same.</p>	<p>Physical</p> <p>Check log</p> <p>Checking reports</p>	<p><del>All</del></p> <p>All</p> <p>All</p>
E	Audit of DBMS and Data Security	<p>1. Authorization, authentication and access control are in place.</p> <p>2. Audit of data integrity controls</p>	Checking reports	IT cell



		<p>including master table updates.</p> <p>3. Logical access controls which ensure the access to data is restricted to authorized users.</p> <p>4. Checking of database privileges assigned to DBAs</p>	<p>Edge reports bank</p> <p>Checking reports</p> <p>Checking reports</p>	<p>IT cell</p> <p>IT cell</p> <p>IT cell</p>	<p>} X</p>
F	Network Security	<p><b>Security architecture of the entire network including:</b></p> <p>1. Review of all types of network level access controls, logs, for ensuring sufficiency &amp; security of creation, maintenance and backup of the same.</p> <p>2. Evaluate centralized controls over Routers installed in Branches &amp; their Password Management.</p> <p>3. Checking of Firewall Access control List</p>	<p>Physical</p> <p>Physical (random)</p> <p>Checking reports</p>	<p>All</p> <p>IT cell</p> <p>IT cell</p>	<p>} X</p>



I	Backup & Recovery Testing	<ol style="list-style-type: none"> <li>1. Audit of access controls, movement and storage of backup media.</li> <li>2. Audit of media maintenance procedures.</li> <li>3. Security of removable media. Controls for Prevention of Data Leakage through removable media or other means.</li> </ol>	Physical	Ho_Accounts
			Physical	All
			Physical Check CD's of various Software's	All
K	Others	<ol style="list-style-type: none"> <li>1) Inventory movement controls &amp; maintenance, equipment maintenance and disposal measures, change &amp; configuration management processes,</li> <li>2) Whether Security policy is implemented properly in the IT Department, HO &amp; Branches</li> </ol>	Physical	All
			Physical	All

