



Inspection & Audit Division,  
Head Office, Plot No.1, Sector 3, Rohtak- 124001  
Email: [hoinspshgb@shgb.bank.in](mailto:hoinspshgb@shgb.bank.in)

## **Criteria for empanelment of CA Firms**

### **A. Eligibility**

The Basic criteria for selecting a CA firm for concurrent audit assignment will be as under:

- I. It should be a partnership firm (including LLP) of Chartered Accountants having at least one partner as FCA and the firm should have concurrent audit experience of minimum three years. Further, such CA firms with any one of the partners having experience of concurrent audit of minimum three years may be considered for empanelment even if experience of the CA firm in concurrent audit is less than three years.
- II. The firm should be selected from the RBI panel as per gradation suggested for Branch Statutory Auditor appointment.
- III.
  - a) CA firms which carry Statutory Audit Assignments for a year will not be considered for internal audit assignment during that year and the next year. These instructions would even apply to firms of which a partner or proprietor is engaged or to be engaged in internal assignment of the bank.
  - b) Associate concerns of CA Firms should not have conducted Statutory Audit of our Bank or its subsidiary / sister concern during the preceding year.
  - c) An audit firm in which a partner is also a partner / proprietor of firm entrusted with Statutory Audit (central or branch) of the Bank is not eligible for appointment as concurrent auditor.
  - d) If any of the Directors of our Bank is a Director/Partner in a firm, such firm shall not be considered for appointment as Concurrent Auditor.
  - e) Panel for concurrent auditors may be utilized for revenue audit purpose. However, CA firm assigned concurrent audit, during a FY, shall not be assigned revenue audit during that particular FY and vice versa.
  - f) The group of CA firms having any common partner, only one CA firm will be eligible for empanelment as concurrent auditor.
- IV. A dis-empaneled / debarred CA Firm will not be able to apply again for any audit assignment and will not be considered for a fresh empanelment / re-empanelment.



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- V. Any CA firm which has been delisted by ICAI will not be considered for empanelment/ assignment/ re-assignment.

### Terms & Conditions for CA Firms

- I. The firm should have necessary office set up and adequate personnel to ensure proper deployment and timely completion of the assignments.
- II. The firm should execute undertaking of fidelity and secrecy on its letterhead in the format prescribed by the Bank.
- III. The assignment should be carried out in a professional manner and in case of any misconduct & negligence; the Bank is free to report the matter to ICAI / RBI under the guidelines from time to time. This will be in addition to the disengagement from the assignment.
- IV. The firm should not sub-contract the audit work assigned to any outside firm or other persons even though such persons are qualified chartered accountants.
- V. A declaration to be furnished by the firm that credit facilities availed by the firm or partners or firms in which they are partners or directors including any facility availed by a third party for which the firm or its partners are guarantor/s have not turned or are existing as non-performing assets as per the prudential norms of RBI. In case the declaration is found incorrect, the assignment would get terminated besides the firm being liable for any action under ICAI / RBI guidelines.
- VI. The monthly fees payable to the auditors will be as approved by the ACB from time to time taking into consideration the nature of assignment.
- VII. Tenure of a CA firm shall not be more than three years on continuous basis. Further, the CA firm will be required to submit its credentials to the Head Office every year. The CA firm will need to reapply for concurrent audit empanelment, after completion of tenure.
- VIII. The assignment of the External Auditor (CA Firms) would be initially for one year and extendable for a further period of one year (maximum twice), i.e., a CA Firm may have a tenure of maximum three years or till the completion of last quarterly audit assignment, whichever is later, based on "Satisfactory Performance" of the auditor in every year, followed by a cooling period of minimum one year. At the sole discretion of the Bank, Concurrent Audit assignment of an external auditor (CA Firm / ERO) may be terminated even before expiry of the term of assignment by giving one-month notice in advance.



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- IX. Cooling period of one year would be observed in case of a CA firm to become eligible for re-assignment as concurrent auditor. The re-assignment of concurrent audit after the completion of such cooling period will be solely at the discretion of the Bank.
- X. At any one point of time, not more than one audit assignment would be awarded to any single CA Firm.
- XI. No out of pocket expenses or travelling allowance / halting allowance would be paid to the concurrent audit firm for carrying out the assignment. However, the service tax, education cess, etc., would be paid as applicable from time to time. Further, a CA Firm may often be called upon by HO-I&AD for the purpose of counselling, training, etc., for which, the Firm would not be entitled to claim any reimbursement for travelling, halting, etc.
- XII. Branch assigned to an External Auditor (CA Firm) should be within a maximum distance of 50 KMs from its office.
- XIII. Empanelled CA firms will carry out their assignments in a professional manner and "Code of Ethics for Chartered Accountants" by ICAI shall be strictly observed by them. The CA Firm must ensure that the Branch assigned to it must be attended by its authorised person as an auditor on behalf of the Firm daily & timely without any excuse or exception whatsoever. One of the partners (Chartered Accountant) of the CA Firm must also visit the branch at least once a week and have discussions with the Branch Manager on audit related issues.
- i. However, a request of the CA Firm for an absence from the Branch, in case of any exigencies and / or genuine grounds such as health, etc., may be allowed by the competent authority, viz. GM-I&AD. The competent authority may permit absence for a maximum period of two days in a month (separately or continuously), for which proportionate remuneration shall not be deducted. However, in case of absence of more than two days in a month by the representative of the CA Firm, proportionate remuneration will be deducted for the total days of absence including the two days mentioned above.
- ii. Example – if the representative of the CA Firm remains on leave for two days – No deduction of remuneration; if the representative of the CA Firm remains on leave for three more days – deduction of remuneration will be for five days {2 days + 3 days}. If the remuneration is Rs. 25,000/- p.m., the representative of the firm will be entitled to proportionate remuneration as under:
- $$25000 \times 25 / 30 = 20,833.$$
- XIV. The representatives of the CA Firm will be required to mark attendance in



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the branch through Bio-metric mechanism. A maximum number of three representatives of the CA Firm will be enabled to mark bio-metric attendance.

- XV. CA firms engaged by banks for concurrent audit work should preferably have qualified Information System Auditor (CISA/DISA) with necessary exposure to IS audit in the bank.
- XVI. Weightage to be given to a firm having exposure in conducting concurrent audit of the Bank branches for a few public sector / major private sector banks including Punjab National Bank.
- XVII. Weightage to be given to the firms where the partners themselves were ex-bankers or the firm has got tie-up with ex-bankers with requisite experience and exposure.
- XVIII. Assignment will be subject to review on Quarterly basis on the prescribed score sheet as on the last day of March, June, Sept., & December by the GM, I& AD. The consolidated feedback report of external concurrent auditors shall be submitted to Chairman by 20th of the following month of respective quarter.
- XIX. In case of unsatisfactory performance for 1 Quarter, a notice of explanation shall be served on the concerned CA firm, immediately after evaluation of performance, giving 15 days' time to furnish reply. If the HO-I&AD finds the reply unsatisfactory or in case the reply is not received within the stipulated time period, a show cause notice be issued to the CA firm giving 7 days' time to furnish reply. In case, the reply to show cause notice is not satisfactory or not received, GM-I&AD may recommend for dis-empowerment of such CA firm in the subsequent month and Chairman will be the competent authority for such dis-empowerment.
- XX. In order to maintain the quality of Concurrent Audit of the Branch, the CA Firm must depute / post a person, who must have ample experience and exposure of such kind of audits, preferably in a Public Sector bank's branch, and he / she must fulfil the following two conditions:
  - i. Minimum qualification should be CA Inter (IPCC)
  - ii. Minimum 1-year experience of Bank audit
- XXI. Any other terms and conditions of the assignment would be decided by the Bank on a case-to-case basis.
- XXII. In case of external auditors are not available within the prescribed distance of 50 KM, Chairman may relax distance criteria on case-to-**



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**case basis.**

**Dis-empanelment / Debar / Delisting of Retired Officers and CA Firms**

- I. The CA firm will be immediately debarred if found indulged in other activities, financial / intermediary activities with the Bank during their period of audit assignment. IAD: HO shall maintain the data-base of such debarred/dis- empanelled concurrent auditors)
- II. Further, a CA firm / ERO shall be dis-empanelled / debarred / delisted from the bank in case of:
  - a. Refusal to take up the allotted assignment & non-commencement / non-completion / non-submission of audit report within prescribed period.
  - b. Dissolution / reconstitution of the firm under different name and style.
  - c. Performance of CA firm / ERO is not found satisfactory
  - d. CA firm fails to fulfill any of the laid down terms & conditions at any time.
  - e. Serious lapses detrimental to bank's interests, if noticed.
  - f. Any other reason that Bank may deem fit and failing to act in a professional manner as laid down in guidelines related to 'Code of Ethics for CA firms' by Institute of Chartered Accountants of India (ICAI).
- III. When a CA firm or ERO refuses to take up the allotted assignment due to flimsy reasons, they may be delisted from the Bank's panel of concurrent auditors.

However, the Chairman may decide whether the reasons for refusal are genuine or not.
- IV. CA Firms will be dis-empanelled by Chairman as per review of "unsatisfactory performance" and recommendations of a Committee of three GM (IAD, CAD and HRDD) (in absence of GM, Divisional Head of the division can recommend the same).
- V. In case a CA Firm demits an audit assignment as it does not want to continue or chooses to resign voluntarily, and so on, the name of such CA Firm may be struck off from the Bank's Panel of CA Firms. Chairman will be the competent authority for such delisting of a CA Firm.

**Allotment of Audit Assignment to CA Firms**



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- I. General Manager, HO I& AD shall recommend for posting of external concurrent auditors at branches. The competent authority for approval of concurrent audit assignments will be Chairman.
- II. In case, any firm wants for re-allocation of branches allocated to him the GM I&AD shall recommend the same and authority for approval will be Chairman.
- III. The auditor shall vet the compliance of observations of various types of audits such as RBIA Concurrent Audit, Compliance Audit, legal audit, Snap Audit or special audit etc.
- IV. HO I&AD to ensure that the audit assignment to external auditors shall commence at the start of quarter so that submission of last quarterly audit report is ensured at exit of the concurrent auditor.

### Remuneration to External Auditors

- VI. In order to make the remuneration attractive and to invite qualitative applications for the post of auditors, it has been decided to revise the remuneration as under: -

Fee payable (Amount in Rupees)	
Figure of total business in three Branches allocated to CA Firm as on 31st March of previous Financial Year	Fee Payable (p.m.)
400 Crore & Above (subject to total advances of 125 crore & above)	50,000/- + GST, if applicable
Up to 400 Crore	40,000/- + GST, if applicable

- VII. The remuneration to external auditors for conducting the concurrent audit of non- advance linked offices will be at the sole discretion of the bank but not less than minimum remuneration payable to concurrent auditors.
- VIII. No other charges over and above monthly fees prescribed above will be paid to the CA firms be applicable for new appointment and at the time of renewal/extension. There will be no additional fee for report submission. Remuneration will be paid monthly by HO
- IX. I& AD through HO, Finance Division. This payment will be processed upon receipt of the duly completed remuneration bill and the attendance certificate, as specified by the HO I&AD Division.





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I& AD through HO, Finance Division. This payment will be processed upon receipt of the duly completed remuneration bill and the attendance certificate, as specified by the HO, I&AD Division.

### Deduction of Remuneration in case of external auditors

In case of delay in report submission, the penalty will be levied after prior intimation as per table below. For cogent reason, Divisional Head I& AD, H.O. may relax this penalty.

Period of Delay	Deduction in remuneration
Up to 5 days	Note of caution
5-10 days	10%
10-15 days	25%
15-20 days	50%
More than 20 days	100%

Further, any termination shall rest with the Chairman in case of delay in submission of reports for more than 20 days.

List of vacant branches proposed to be audited during Current Year				
SR NO	SOL ID	BRANCH NAME	REGIONAL OFFICE	ADV AVG
1	8036	MIRAN	BHIWANI	47.61
2	8149	MANDHOLI KALAN	BHIWANI	63.31
3	8029	BADHRA	M.GARH	71.06
4	8033	CHHAPAR	M.GARH	36.5
5	8139	KAKROLI HUKMI	M.GARH	41.5
6	7610	AURANGABAD	NUH	30.1
7	7689	PALWAL	NUH	45.94
8	8091	MALLAH	AMBALA	3.79
9	8009	ISHARWAL	BHIWANI	48.81
10	8166	KURANGAWALI	FATEHABAD	24.3
11	8126	CHULI BAGIRAN	HISAR	39.18
12	7668	KONDAL	NUH	19.81
13	7792	SEWLI	PANIPAT	10.3
14	7747	GANAU	PANIPAT	11.89
15	8211	ISRANA	PANIPAT	24.51
16	8176	RATTIA	FATEHABAD	51.27
17	8118	NEHRANA	FATEHABAD	45.68
18	8081	BEHL	BHIWANI	42.92
19	8150	GURERA	BHIWANI	40.96



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20	8386	JATTAL ROAD PANIPAT	PANIPAT	17.17
21	8279	AMBALA CANTT	AMBALA	42.99
22	7614	BADSHAHPUR	GURGAON	53.38
23	8175	NARNAUND	HISAR	40.5
24	8046	SAMPLA	ROHTAK	44.72
25	8179	BARWALA	HISAR	60.47
26	8025	LOHARU	BHIWANI	45.14
27	8312	JHAJJAR	ROHTAK	46.07
28	8195	BHUNA	FATEHABAD	50.16
29	8097	FATEHABAD	FATEHABAD	59.04
30	7723	GURGAON SEC 4	GURGAON	31.44
31	7639	DULOTH AHIR(ZTL)	M.GARH	12.42
32	8026	LOHANI	BHIWANI	37.99
33	8094	KABREL	HISAR	42.03
34	8243	NATHUSARI CHOPTA	FATEHABAD	45.48
35	7886	ACCHEJ(ZTL)	ROHTAK	4.34
36	7728	DLF WAZIRABAD	GURGAON	55.06
37	8020	SIWANI	BHIWANI	33.2
38	8011	ATELA	M.GARH	43.33
39	8012	KADMA	M.GARH	96.2
40	8180	MANDI ADAMPUR	HISAR	41.86
41	7817	NOORGARH CHOWK(ZTL)	GURGAON	7.91
42	8160	DATA	HISAR	48.65
43	8251	SATROD KALAN	HISAR	44.77
44	8221	BADOPAL	FATEHABAD	49.66
45	8194	TOHANA	FATEHABAD	45.75
46	8303	DARBI	FATEHABAD	40.9
47	8010	DHIGAWA	BHIWANI	40.31