



PE. NO. 6515, COBANK TOWERS,
VIKAS BHAVAN P O, PALAYAM,
THIRUVANANTHAPURAM,
PIN-695033

REQUEST FOR PROPOSAL (RFP)

**REQUEST PROPOSAL FOR ENGAGEMENT OF CHARTERED ACCOUNTANT'S FIRMS
FOR CONDUCTING REVENUE AUDIT & TRANSACTION PROCESS AUDIT AT SELECTED BRANCHES OF
THE KERALA STATE CO-OPERATIVE BANK LTD.**

REFERENCE: NO.KSCB/AIM/REV/AUD /2023-24 DATED 06.06.2023

**KERALA STATE CO-OPERATIVE BANK, HEAD OFFICE,
COBANK TOWERS,PB NO. 6515, VIKAS BHAVAN P O, PALAYAM,
THIRUVANANTHAPURAM , KERALA. PIN-695033**

SCHEDULE OF EVENTS

i	Tenders Document Availability including changes/amendments if any to be issued	RFP may be downloaded from Bank's website from 07.06.2023
ii	Last date and Time for submission of Tender by the Applicants	Date: 30.06.2023 Time: 04.00 P.M.
iii	Date and Time of opening of the Tenders	Will be intimated separately.
iv	Place of opening of proposal	HEAD OFFICE KERALA STATE COOPERATIVE BANK , HEAD OFFICE, COBANK TOWERS, VIKAS BHAVAN PO, PALAYAM, THIRUVANANTHAPURAM Dist. KERALA. PIN-695033
vi	The Applicants, who qualify as per mandatory eligibility criteria mentioned in Point V will be treated as eligible for conducting Transaction Process / Revenue Audit of the Bank for selected branches and will be engaged as Auditors .	
vii	Address for communication (Bank)	KERALA STATE COOPERATIVE BANK , HEAD OFFICE, COBANK TOWERS, VIKAS BHAVAN PO, PALAYAM, THIRUVANANTHAPURAM Dist., Kerala, PIN-695033.
iii	Tender Fee	Rs.5000/- (Rs. Five thousand only/-) in the form of Demand draft/ Bankers' Cheque in favour of 'Kerala State Cooperative Bank Ltd' payable at Thiruvananthapuram, Kerala. Tender fee will be non-refundable.
iv	Earnest Money Deposit	Rs. 10, 000/- (Rs. Ten Thousand only) in the form of Demand draft/ Bankers' Cheque in favour of 'Kerala State Cooperative Bank' payable at Thiruvananthapuram, Kerala. EMD should be enclosed in sealed Tender cover.

1. Overview

Kerala State cooperative Bank (herein after referred to as '**Kerala Bank/the Bank**'), having its Head Office at Thiruvananthapuram, with 7 Regional offices at various Districts of the State namely Thiruvananthapuram, Alappuzha, Kottayam, Thrissur, Palakkad, Kozhikode and Kannur and managed by the Bank (collectively referred to as "**KERALA STATE CO-OPERATIVE BANK Ltd**" or '**KERALA BANK**' hereinafter). This Request for Proposal (RFP) has been issued by **the Bank** for conducting Revenue Audit / Transaction Process Audit of the branches of the Bank at various District based on the business volume of the branches.

II. Purpose and Period of Appointment

- The Bank invites Request for Proposal (RFP) from eligible Chartered Accountants for conducting Revenue Audit / Transaction Process Audit for a period of **one year** and can be extended to **three years** subject to the satisfactory performance of the Auditor/ Firm.

- ii. The selected Chartered Accountants should start the work with full resources within one week from the date of engagement as Auditors.

III. Invitation

The Bank invites Proposals (the "Proposals") for selection of Chartered Accountant for conducting Revenue Audit /Transaction Process Audit in branches for Compliance of Accounting Standards/Processes . Conducting Transaction Process Audit for the FY 2023-24 on monthly basis in selected 144 branches having business volume(Loan outstanding between 50 and 70 crore) and the submission of report within 7 days of the succeeding month. Revenue Audit for the FY 2022-23 on one time audit basis in selected 57 branches having high business volume (Loan outstanding above 75 crore) and submission of reports.

The Applicants desirous of taking up the project are invited to submit their commercial proposal in response to this RFP. The criteria and the actual process of evaluation of the response to the RFP and subsequent selection of the Chartered Accountants will be entirely at Bank's discretion. The applicants should have necessary experience, capability and expertise to perform, as per the scope of work and to meet the Bank's requirements / terms and conditions outlined in the RFP. The RFP is not an offer by Kerala State Cooperative Bank Ltd , but an invitation to receive responses from the applicants. No contractual obligation whatsoever shall arise from the RFP process unless and until a formal contract is signed and executed by duly authorised official(s) of the Bank .

IV. Disclaimer

- i. The information contained in this RFP or information provided subsequently to the tenders whether verbally or in documentary form/email by or on behalf of the Bank , is subject to the terms and conditions set out in this RFP.
- ii. This RFP is not an offer by Kerala State Cooperative Bank Ltd, but an invitation to receive responses from the tenders.
- iii. The Bank also accepts no liability of any nature whether resulting from negligence or otherwise, howsoever caused arising from reliance of any Tenders upon the statements contained in the RFP.
- iv. The Tender is expected to examine all instructions, forms, terms and specifications in this RFP.
- v. The bank has the discretion to consider or reject any of the applications based on any of the RBI/Government/ Internal guidelines of the Bank, with out assigning any reasons
- vi. The Chartered Audit firm should give their consent in writing in the prescribed format agreeing to comply with and bound by the terms and conditions prescribed by the Bank after allotment of assignment as a Revenue Auditor/ Transaction Process Audit .
- vii. The Audit firm selected shall submit the reports in the prescribed format covering all the Audit areas advised from time to time.

DEFINITIONS

- a. "RFP" means this "Request for Proposal" including all attachments and appendices thereto
- b. "Terms of Reference (TOR)" means the document included in the point IX of RFP which explains the scope of work, activities, tasks to be performed, etc.

- c. **“Services”** means all services, scope of work/TOR and deliverables to be provided by a Tender as described in the RFP and include provision of technical assistance, training, certifications, auditing and other obligation of Service Provider covered under this RFP.
- e. **“TDS”** means Tax deducted at Source

V Eligibility Criteria

Applicants fulfilling the criteria as mentioned in point V are eligible to submit their supporting documents duly signed by authorised person of the Applicant. If the Tender is not accompanied with the required supporting documents for eligibility criteria, the same would be rejected.

The Chartered Accountant's firm be incorporated as a proprietorship firm or a limited liability partnership or partnership firm or a company, already in the panel of the R.B.I , which is circulated among banks for statutory Audit of the Banks from time to time. Registration of firm with RBI is mandatory. Firm have to attach the proof of RBI empanelment category.

<p>i. An Applicant or its Affiliates should have, during the last three years, neither failed to perform on any agreement, as evidenced by imposition of a penalty by an arbitral or a judicial pronouncement or arbitration awarded against the Applicant or its Affiliates, nor been expelled from any project or agreement nor had any agreement terminated for breach by such Applicant or its Affiliates.</p>	<p>Applicant should certify the same.</p>
<p>Applicant should not be under debarment/blacklist period for breach of contract/fraud/corrupt practices by any Scheduled Commercial Bank/ Public Sector Undertaking / State or Central Government or their agencies/ departments on the date of submission of bid for this RFP.</p> <p>Applicant should also not have been disqualified/ debarred/ terminated on account of poor or unsatisfactory performance and/or blacklisted by any Scheduled Commercial Bank/ Public Sector Undertaking/ State or Central Government or their agencies/departments, at any time, during the last 3 years.</p>	<p>Applicant should certify the same.</p>

VI Earnest Money Deposit (EMD)

Applicant shall submit the EMD of Rs. 10,000 (Rs. Ten thousand only) by way of Demand draft / Bankers' Cheque favouring 'Kerala State Cooperative Bank Ltd payable at Thiruvananthapuram, Kerala.

VII Clarification and amendment of RFP documents

The Bank reserves the right to amend, rescind or reissue the RFP, at any time prior to the deadline for submission of Tenders. The Bank, for any reason, whether, on its own initiative or in response to a clarification requested by a prospective Tenderer, may modify the RFP, by amendment which will be made available to the Tenderer.

VIII Validity of Agreement

The Contract/Agreement/ SLA will be valid for the period of **one year and may be extended up to three years**. The Bank reserves the right to terminate the Agreement as per the terms of RFP/ Agreement.

IX Confidentiality

As the successful consultant will have access to the data of the Bank, the Bank will require the consultant to sign a confidentiality agreement / undertaking indemnity for not disclosing or part with any information relating to the Bank and its data to any person or persons or authorities, without written consent of the Bank. Breach of the same will result in cancellation of the agreement apart from other remedies which shall be available to the Bank against the consultant.

X Termination for Convenience

The Bank, by written notice of not less than 60 (sixty) days, may terminate the Contract, in whole or in part, or its convenience, without assigning any reason.

X1 Disciplinary action for professional misconduct

In case of any professional misconduct observed on the part of the selected Applicant, in to the remedies such as to debar such Applicant from any future service to the Bank by intimation of such misconduct to the authorities such as RBI / IBA / GOI, etc., the Bank will also be entitled to approach any Court of law or Governing authority such as ICAI.

XII Liquidated Damage / Penalty

- i. If the successful Applicant fails to deliver or perform the services as stipulated in the RFP Contract, Bank will reserve the right to deduct penalty from the fees to be paid to the consultant.
- ii. Any loss caused to the Bank made against Bank's owing to non-performance of the services by the successful applicant as per the contract, or non-compliance of regulatory guidelines will attract liquidated damages to the extent that the claim is made against the Bank. If consequential damages are claimed against the Bank, the same should be recovered from the failed audit firm concerned.
- iii. The Bank reserves the right to recover this amount from any dues payable or accrued to the successful applicant in future of any claim.

- iv. Any financial loss to the Bank on account of fraud taken place due to successful applicant its employees or their service provider's negligence shall be recovered from the successful applicant along with damages if any with regard to Bank's reputation and goodwill.

XIII. GOVERNING LANGUAGE

The governing language shall be English.

XIV APPLICABLE LAW

The Contract shall be interpreted in accordance with the laws of the Union of India and shall be subjected to the exclusive jurisdiction of courts at Kerala state.

XV TAXES AND DUTIES:

- i. Service Provider shall be liable to pay all corporate taxes and income tax that shall be levied according to the laws and regulations applicable from time to time in India and the price Tender by Service Provider shall include all such taxes in the quoted price.
- ii. Prices quoted should be exclusive of all Central / State Government taxes/duties and levies but inclusive of all corporate taxes. The quoted prices and taxes/duties and statutory levies such as GST etc. will be as per the concerned Act.

XVI Right to Audit

As per the prescribed format of the Bank to conduct the Revenue Audit /Transaction Process Audit of the selected branches of the Bank.

XVII Tender Fee

Tender Fee of Rs.5000/- (Rs. Five thousand only/-) should be submitted in the form of Demand draft / Bankers' Cheque in favour of 'Kerala State Co-operative Bank payable at Thiruvananthapuram, Kerala. Tender fee will be non-refundable.

IX Scope of Work / Term of Reference (TOR)

1. Conducting of Revenue Audit at selected 57 branches of the Bank for the FY 2022-23 on one time audit basis

Revenue audit have to be conducted in selected 57 branches of the Bank for finding out income leakage of the Bank due to short coming of interest income and other income and excess payment of interest and expenses. The Auditors have to verify various GL heads and Accounts of the branches and have to submit the report in the prescribed manner.

The following major areas may be looked into while conducting Revenue Audit.

1. Wrong interest application in advance / deposit accounts.

In respect of Outward cheques returned, interest for the period, the Bank is out of funds, and the same is not charged.

2. Charges in rates of interest in advances accounts are not accepted by the system with retrospective effect.

3. Several incidental charges are not automatically recovered, eg. Cheque book issue charges, folio charges, cheques return charges, minimum balance charges, stop payment charges etc, if respective field, in account data is not filled in.
4. The system does not have provision for charging different rates of interest for different types of default and for different accounts automatically, unless field for penal interest is filled in by branches properly and updated thereof. We shall verify whether correct penal interest is charged and recovered.
5. The system does not recognise drawals in excess of DP but within S.L., if properly not filled in and charge applicable penal interest.
6. Interest earned on advance
7. Penal interest on overdue instalment
8. Commission on letter of Bank Guarantees/ Deferred payment Guarantee/ Solvency Certificate.
9. Processing fee
10. Gold loan renewal charges.
11. Cash credit renewal charges
12. Inspection charges not recovered timely.
13. Documentation charges
14. Locker rent
15. Remittance of DD /IBC/OBC commission
16. Cheque Book charges
17. Details of unauthorized Debits in P&L A/c.
18. GST collection
19. Verification of secured advances where the system has not marked security (both primary and collateral) calling for a higher risk and therefore capital charge.
20. Customer Risk Rating according to the periodicity for High/Medium and Low risk.

Other areas to be covered are:

1. Modification charges, wherever applicable, not recovered.
2. Lead Bank Charges, wherever applicable not recovered.
3. Penal interest not charged, due to non-compliance of terms & conditions, wherever.
4. CERSAI, CIBIL/CREDIT HISTORY reports charges should be verified.
5. Interest rate variance for loans.
6. Incidental charges in inoperative accounts.
7. Non-compliance with the prudential norms for NPA.
8. Any other area as specified by Bank/NABARD/RBI

2. Conducting of Transaction Process Audit at selected 144 branches of the Bank transaction Process Audit for the FY 2023-24 on monthly basis and the submission of report within 7 days of the succeeding month.

Areas of coverage under Transaction Process Audit

1. Deposit transactions including physical verification of cash, etc
2. Loans & Advances including physical verification of securities, delegation of Powers for sanction, Security Charge Creation, end use verification of funds, monitoring of accounts with excess drawings, monitoring of projects, loan account verification etc.
3. Adherence to KYC / AML guidelines , Common Reporting Standards (CRS), monitoring of transactions in new accounts/staff accounts, reporting of CTR/STR, etc.
4. Remittances/ Bills for Collection including RTGS/NEFT transactions, monitoring of overdue statements (bills purchased / discounted / negotiated, etc.).
5. House Keeping including reconciliation of accounts, monitoring of General Ledger/ Subsidiary General Ledger/Parking Accounts, opening of internal accounts, etc.
6. Non fund based business
7. Cheque Truncation System.
8. Verification of Debit card business. (Verification of entries)
9. Conduct of employees, mis-selling of products, etc.
10. Compliance to RBI guidelines and internal Policy guidelines issued from time to time.
11. Verify Account opening forms for compliance with KYC/AML guidelines.
12. Verify the inoperative/dormant accounts are properly segregated and marked in CBS and separate control on the transactions in such accounts is exercised.
13. Verify procedure for settlement of claims of deceased customers, payment of TDS against receipts, obtaining legal documents.
14. Scrutiny of newly opened deposit accounts , staff accounts to detect any abnormal transaction.

15. Debit balances in savings and current account to be verified for reasons, record of recovery, correspondence, charging of interest.
16. Verify process of issue of cheque books through prescribed requisitions, direct delivery by third party vendors and collecting appropriate charges.
17. Verify nomination forms and recording the same in CBS.
18. Verify for proper authorization all new deposits where interest rate offered is different than the card rate.
19. Balance with Other Banks.
20. Verify all the entries reflecting in Bank statement are recorded
 21. Verify balance confirmation and reconciliation of accounts with other banks
 22. Sundry Creditors –
 23. Verify compliance of section 206AA of Income-tax Act, 1961 with respect to furnishing of PAN.
 24. Verify the compliance of issues relating to TDS on salary, pension, disbursement, rent, commission, interest, payment to contractors, payment of fees to professional/technical person, etc. in respect of:
 - (a) | Deduction of TDS at correct rate
 - (b) | Deposit of TDS within time
 - (c) | Filing the TDS return in time and as per procedure prescribed
 - (d) | Issue of TDS certificates
 - (e) | Receipt of 15G and 15H and entry in system
 - (f) Filing of Form 15G/15H with department as per new procedure
23. Verification of Cash in Hand
25. Verify registers maintained for impounded counterfeit notes, and check the reporting as per RBI Requirements
26. ATM: Verify the Cash Balance in ATM (onsite). Also check the process of cash replenishment in the ATM.
27. Check the ledger Balances. Verify the complaints / discrepancies in ATM Transactions. Verify periodical reconciliation with vendors related to ATM Operations. Verify retention of ATM roles taken from ATM machine . Verify RBI license for ATM.
28. Verify Loans and advances have been sanctioned properly and in accordance with delegated authority.
29. Verify the Application Form, Credit Appraisal, comments by recommending officers and Sanction Letter
30. Verify KYC Compliance for all borrower accounts.
31. Verify the third party consultant reports such as that of Advocates, Values and Rating Agencies. Verification should be on all the documents listed by Advocate(to be original and those as certified copies) have been collected and the bank has created a valid conditional charges.

32. Verify whether correct and valid credit rating, if available, of the credit facilities of bank's borrowers. Whether CERSAI registration has been done and Gehan has been noted.

33. RBI accredited Credit Rating Agencies has been fed into the system.

34. Verify the Loan documentation as per Sanction Letter.

35. Verify compliance with Terms and Conditions pre-sanction & post-sanction.

36. Verify measures of supervision followed by the branch such as submission of stock statements, calculation of drawing power, unit visit report, insurance, MIS/QIS, Audited Financial Statements etc.

37. Verify allowance of excess drawings/bills beyond limits/drawing power with rectification/sanction from sanctioning authority.

38. Deficiency in documentation.

39. Verify CC/OD limits/accounts falling due for review, renewal and action by the branch.

40. In consortium accounts verify latest minutes of consortium and their correspondence records.

41. Verify that all the documents and registers as prescribed by bank are up to date.

42. Verify extension of equitable mortgage for enhanced credit facilities.

43. Verification of Refinance loans (PACS and other societies).

44. Verification of Housekeeping / General.

45. Verify custody of undelivered cards and follow up card department.

46. Verification of ATM cards, debit cards, credit cards, passwords and PINS, control over issue and delivery, safe keeping and custody at all the locations. Report loss of any such items.

47. Verify frauds reported in Debit card and accounting of same.

48. Safe custody of branch documents like death cases, issuance of duplicate DD/PO/FDR, checking of indemnities etc, and verification of documents executed during the period under audit.

49. Verify and report non-recovery of various Revenue items.

50. Verify numbering and records of fixed and other assets along with depreciation.

51. Verify the safe custody and renewal of rent agreement in case of rented premises.

52. Check customer service with regards to customer meeting, standing instructions, compliant/suggestion box and staff behaviour.

53. Verify recovery of commission/fee.

54. Wrong interest application in advance / deposit accounts.

55. In respect of Outward cheques returned, interest for the period, the Bank is out of funds, and the same is not charged.

56. Charges in rates of interest in advances accounts are not accepted by the system with retrospective effect.

57. Several incidental charges are not automatically recovered, eg. Cheque book issue charges, folio charges, cheques return charges, minimum balance charges, stop payment charges etc, if respective field, in account data is not filled in.

58. The system does not have provision for charging different rates of interest for different types of default and for different accounts automatically, unless field for penal interest is filled in by branches properly and updated thereof. We shall verify whether correct penal interest is charged and recovered.

59. The system does not recognise drawals in excess of DP but within S.L., if properly not filled in and charge applicable penal interest.
60. Interest earned on advance
61. Penal interest on overdue instalment
62. Commission on letter of Guarantee/ Deferred payment Guarantee/ solvency certificate.
63. Processing fee
64. Gold loan renewal charges
65. Cash credit renewal charges
66. Inspection charges not recovered timely.
67. Documentation charges
68. Locker rent
69. Remittance of DD /IBC/OBC commission
70. Cheque Book charges
71. Details of unauthorized Debits in P& L A/c.
72. GST collection
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79. Non-compliance with the prudential norms for NPA.
80. Any other area as specified by Bank/NABARD/RBI

PARTICULARS TO BE FURNISHED FOR THE PURPOSE OF ENGAGING THE CHARTERED ACCOUNTANT'S FIRM FOR CONDUCTING REVENUE AUDIT FOR COMPLIANCE TO ACCOUNTING STANDARDS/PROCESSES

Sl.No.	Description	
1	Name of the Applicant	
2	Firm No. allotted by ICAI*	
3	Address	
4	Email	
5	Contact number/s (Tel / Mobile)	
6	Year of establishment	
7	No. of completed years of practicing in India as on 31.03.2022	
8	Person(s) proposed to be assigned for the services and his / their profiles	
9	Name, address, and account number of the applicant's banker(s)	
10	PAN of the applicant *	
11	GST registration number of the applicant *	
12	Number of Employees	
13	Number of C.A. Employees/Partners in the Applicant (out of above)	
14	Number of Employees who have done DISA / CISA	
15	Net worth as on	
	31.03.2020	
	31.03.2021	
	31.03.2022	
16	Turnover during previous financial years	
	2019-20	
	2020-21	
	2021-22	
17	Details of major assignments.	

*(Please attach separate sheets if space is not sufficient in any row, duly mentioning the row number and description)

Place:

Authorized signatory:

Date:

(Name)

Seal

Self attested copies in support of the information should be submitted

*include detailed profile of the firm

PARTICULARS TO BE FURNISHED FOR THE PURPOSE OF ENGAGING THE CHARTERED ACCOUNTANT'S FIRM FOR CONDUCTING TRANSACTION PROCESS AUDIT FOR COMPLIANCE TO ACCOUNTING STANDARDS/PROCESSES

Sl.No.	Description	
1	Name of the Applicant	
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*(Please attach separate sheets if space is not sufficient in any row, duly mentioning the row number and description)

Place:

Authorized signatory:

Date:

(Name) Seal

Self attested copies in support of the information should be submitted

*include detailed profile of the firm

NON-DISCLOSURE AGREEMENT

THIS RECIPROCAL NON-DISCLOSURE AGREEMENT (the "Agreement") is made at _____ between:

Kerala State cooperative Bank Ltd. (herein after referred to as '**Kerala Bank/the Bank**'), having its Head Office at Thiruvananthapuram, with 7 Regional offices at various Districts of the State namely Thiruvananthapuram, Alappuzha, Kottayam, Thrissur, Palakkad, Kozhikode and Kannur and managed by the Bank (collectively referred to as "**KERALA STATE CO-OPERATIVE BANK Ltd**" or '**KERALA BANK**' hereinafter). This Request for Proposal (RFP) has been issued by the Bank for conducting Revenue Audit/ Transaction Process of the branches of the Bank at various District based on the business volume of the branches.

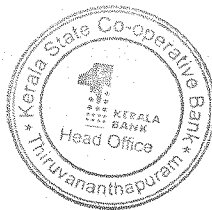
And

_____ a private/public limited company/LLP/Firm ~~<strike off whichever is not applicable>~~ incorporated under the provisions of the Companies Act, 1956/ Limited Liability Partnership Act 2008/ Indian Partnership Act 1932 ~~<strike off whichever is not applicable>~~, having its registered office at _____ (hereinafter referred to as "_____") which expression shall unless repugnant to the subject or context thereof, shall mean and include its successors and permitted assigns) of the OTHER PART;

And Whereas

1. _____ is carrying on business of providing _____, has agreed to _____ for the Bank and other related tasks.

2. For purposes of advancing their business relationship, the parties would need to disclose certain valuable confidential information to each other (the Party receiving the information being referred to as the "Receiving Party" and the Party disclosing the information being referred to as the "Disclosing Party". Therefore, in consideration of covenants and agreements contained herein for the mutual disclosure of confidential information to each other, and intending to be legally bound, the parties agree to terms and conditions as set out hereunder.



Approved
[Signature]
 GENERAL MANAGER
 Audit, Inspection
 and Marketing