

The Maharashtra State Co-operative Bank Ltd ("MSCB")
(Incorporating The Vidarbha Co-op. Bank Ltd.,)

Tender Document
For
APPOINTMENT OF CONCURRENT AUDITOR

For

TREASURY & INTERNATIONAL BANKING DIVISION

Tender Name : **Appointment of Concurrent Auditor**
Period of Support : 3 Financial Years – 2017-18, 2018-19, 2019-20
Tender Number : MSCB/TRA/F-Con Audit / 387 /2013-14
Date of Issue of Tender : January 10, 2017
Pre Bid Meeting : January 16, 2017
Last Date of Submission : January 23, 2017
Total No of Pages : 12
Tender Price : Rs. 2000/- (Rs. Two thousand only)

Contact Details and Place of Submission:

Shri A.S. Sanap, Manager, Treasury,
The Maharashtra State Co-operative Bank Ltd.,
Sir Vitthalidas Thackersey Memorial Building,
9, Maharashtra Chambers of Commerce Lane,
Fort, Mumbai – 400 001.

Tel : 022-22800657/22800710
Email; assanap@mscбанк.com

The Maharashtra State Co-operative Bank Ltd ("MSCB")

(Incorporating The Vidarbha Co-op. Bank Ltd.)

Scheduled Bank

Sir Vitthaladas Thackersey Memorial Building,
9, Maharashtra Chambers of Commerce Lane, Fort, Mumbai – 400 001.

TENDER NOTICE

Sealed offers are invited (two bid system) from Registered Reputed Companies for conducting concurrent audit of Treasury Department & International Banking Division of The Maharashtra State Co-Operative Bank Ltd. Head Office, Fort, Mumbai-

Tender Highlights :

Service Period	Financial Years – 2017-18, 2018-19, 2019-20
Document Reference	MSCH/TRA/F-Con Audit/ 387 /2016-17
Date of Commencement of Sale of Document	January 10, 2017
Pre Bid Meeting	January 16, 2017 Time – 15.00 P.M.
Last Date and Time for receipt of offers from Vendors	January 23, 2017 Time – 15.00 P.M.
Address for Communication	As above
Contact Telephone Numbers	022-22800657/22800710
FAX Number	022-2204 3417/2204 3421
e-mail ID	assanap@mscбанк.com , midoffice@mscбанк.com

Terms and Conditions, eligibility criteria and procedure for submission of offer etc. are given in the tender document. The Tender document may be obtained by paying a non-refundable fee Rs. 2000/- (Rupees Two thousand only) in cash or in the form of demand draft in favor of "**The Maharashtra State Co-operative Bank Ltd., Mumbai**" payable at Mumbai, from the office of The Managing Director of the Bank during office hours between 10.15 am to 17.00 pm. The same can also be downloaded from the official website of MSCB (www.mscбанк.com) and sealed offers may be submitted along with non-refundable fee of Rs.2000/- (Rupees Two Thousand Only) in the form of demand draft in favour of "**The Maharashtra State Co-operative Bank Ltd., Mumbai**" payable at Mumbai **on or before** January 23, 2017 before 15.00 P.M., duly complete in all respect.

Date :- January 10, 2017

Mumbai

Sd/-
(Pramod Karnad)
Managing Director

Tender Document for Appointment of Concurrent Auditor for the Financial Year 2017-2018 to 2019-2020

1. The Maharashtra State Co-operative Bank Ltd. (MSCB):

The Maharashtra State Cooperative Bank Ltd., Mumbai is a premier Co-operative institute at State level established in 1911. It is rendering its services to its increasing number of clientele in more diversified and multifarious bank services and facilities over last 10 decades and has established itself a leader of co-operative movement in the state of Maharashtra. It has been in the process of helping the economic development of rural Maharashtra through its eight regional offices and , 42 Branches in the State.

Ours is the Apex Co-op. Bank having Working Capital of Rs. 23,300/- Crore as on 31.03.2016. The details of the concerned department are under –

2. Treasury Department –

Treasury operations are carried out as per guidelines of RBI, NABARD & FIMMDA. It undertakes to make profitable investment of Bank's funds in Government securities, treasury bills, call-money, short term deposits, NON SLR Investment and other RBI approved product. If the Bank is in need of funds, this section taps various sources in the money market, maintains Bank's Cash Reserve Ratio and Statutory Liquidity Ratio, Purchase and sell of Government securities of own & on behalf of constituent banks. etc. functions are performed by the department. Bank having Investment of Rs. 3277.03/- corer as on 31st March 2016. This Department is situated at 120, Shahid Bhagatsingh Road, Fort, Mumbai- 400 001.

3. International Banking Division –

International Banking Division of the Bank commenced foreign exchange business from 1990. This Department offers the services in Foreign Exchange business to various institutions in pre shipment/post shipment, establishment of foreign letter of credit as an Authorised Dealer and also undertakes payment of collection Bills received under collection basis, inward/outward remittances, buy/sale of currencies, etc. in accordance with RBI, FEMA, FEDAI directives. External commercial Borrowings and Export Guarantee Transactions are also carried out.

4. Purpose of floating tender –

Considering the complexity of Treasury as well as Forex transactions, it is absolute essential to monitor trading position including price, market depth, etc. and conduct day to day business in tune with internal guidelines & RBI/NARARD guidelines.

Internal audit/concurrent audit is to be carried out on monthly basis as per RBI/NARARD guidelines and compliance report to be submitted to RBI/NABARD in stipulated time frame.

5. Scope of work

5.1	<u>Investment Portfolio</u>
Sr.No.	Detail
5.1.1	To confirm that our investment policy has been framed in line with the guidelines of Reserve Bank of India.
5.1.2	To ensure the operations are conducted in accordance with sound and acceptable business practices and in compliance with relevant RBI circulars.
5.1.3	Physical verification & reconciliation of securities with SGL balance & confirmation.
5.1.4	Classification and disclosure of investment portfolio.
5.1.5	Risk assessment & management associated with treasury operations.
5.1.6	Verification of dealings (sales & purchase) in investment portfolio of bank and constituent's accounts.
5.1.7	Verification of Investment in Non-SLR Instruments.
5.1.8	Accounting of interest and profit & loss on investment
5.1.9	Quarterly valuation of investment in line with guidelines issued by RBI and at rates prescribed by FIMMDA and providing for depreciation on investment.
5.1.10	Amortization of premium on securities under 'held to maturity' category'.
5.1.11	Provisioning for investments under 'available for sale' category.
5.1.12	To identify the scope of incremental revenue as compared to other banks.
5.1.13	To analyse the return on investment made during the year.
5.1.14	Review report of RBI/NARARD/Government Auditors
5.1.15	Other relevant features of RBI circular.
5.1.16	To review minutes of Investment Committee Meetings.
5.1.17	To confirm that segment reporting has been complied under AS 17
5.1.18	Verification of all works relating to the IBD
	<u>International Banking Division</u>
	<p>Verify Import Transactions (Import LC, Import Bills under LC/Collection, Advance Payment, Sale Forward Contracts Form A1 & A2 etc.)</p> <p>Verify Exports Transactions (Export LC, Export Bills Payment, Pre & Post Shipment Credit, Advance Payment, Forward Contracts, EDI forms, GR 1 Forms, SDF Forms etc.,</p> <p>Verify Foreign Bank Guarantees, Outward/Inward Remittances, issue of FIRC Certificate and foreign currency travelers cheques NRE/NRO/FCNR/EEFC account, Form A 4 , Handling of foreign currency notes etc.</p> <p>Verification of dealings (Sales & Purchases) in forex transactions.</p> <p>Review calculation & recovery of income</p> <p>Review revaluation of outstanding foreign currency transactions as per FEDAI</p> <p>Review timely submission of Return to RBI (i.e. 'R' Returns, XOS Statements, BEF Statements, NOSTRO/VOSTRO Statements etc.)</p>

5.2	<p>Checklist for Audit of Investment Portfolio (As provided by NABARD)</p> <ul style="list-style-type: none"> • Whether the Bank has a Board approved Investment Policy-check whether the same is in accordance with the broad guidelines for investment issued by the RBI. • Whether the bank has constituted an Investment Committee-verify the minutes book, proceedings. • Go through the observations of concurrent auditors, Statutory Auditors and NABARD Inspections reports and follow up action taken. • Whether there is a functional separation of trading, settlement, monitoring, control and accounting. ? • Whether there is a clear bifurcation of transactions of own investment and PMS, if any? • Whether the limit for the dealer and authority to put through transaction been followed ? • Whether deal slip is prepared for every transaction entered? • Whether deal tickets are serially numbered and are there adequate controls with regard to unauthorized/unaccounted use of the deal tickets? • Do the deal ticket give all the required particulars including the time of the deal and are these checked/signed/initialed by the dealer ? • Ensure that alterations and cancellations on deal slip are authorized by the Treasury Manager. • Check that the copy sent to the counterparty is signed by the client and deals are supported by confirmation letter from the counter party. • Does the bank have an approved panel of brokers ? • Whether the deals done through brokers are only with the approved ones ? • To be ensured that the role of the broker is restricted to that of bringing the two parties to the deals together. • Brokerage paid is at the approved rates and TDS is deducted as per the provisions of the Income Tax Act, 1961 • It should be ensured that all transactions made by the bank are in accordance with the approved investment policy and RBI regulation. • To Check whether the counter party exposure limits have been separately specified for all transactions? Check for the excess and to be ensured that they are ratified by the competent authority. • Check for various limits specified in the investment policy. To check for the excess and to be ensured that they are ratified by the competent authority
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Money Market

- Are there any oversold positions?
- To be ensured that rates at which the deals are done are in line with market rates.
- Identify a sample of purchase and sale of investments and vouch them keeping in mind internal procedures, RBI regulations, authorization powers, counter party contracts, price feeds etc.
- Whether all investment are appropriately categorized at the time of acquisition ?
- Whether capitalization of charges is as per the internal policy? to be ensured that charges to be considered as revenue is not capitalized.
- Whether any shifting of securities is effected ? Are they in accordance with the RBI guidelines ? Is the loss at the time of shifting provided ?
- Ensure that broken period interest paid to seller is not capitalized as a part of cost but treated as expenses.
- Check for the accuracy and completeness of :
 - ✓ Book value of securities in the portfolio
 - ✓ Interest accrual in case of dated Govt securities.
 - ✓ Amortization in case of securities held under HTM category.
 - ✓ Income/dividends accounted in case of discounted instruments/share/mutual funds.
 - ✓ Profit/loss calculation on sale and booking of sale proceeds/profit & loss.
 - ✓ Valuation as per norms – Mark to Market (MTM)
- Ensure whether classification NPI and their accounting is as per statutory regulations.
- Half yearly review of the investment portfolio undertaken by the bank and whether the same is forwarded to NABARD within the stipulated time?

Reconciliations

- Confirmation to be obtained for CSGL accounts and checked with bank's books.
- Scrip's held in physical form to be physically verified.
- Reconciliation in the balance for securities with front and back office records.

Calculation and Maintenance of SLR and CRR

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

- Correctness of the compilation of DTL position.
- Maintenance of liquid assets.
- For determining the DTL position, weekly trial balance as on Friday received from different branches are consolidate at the Head Office. The central auditor should request the branch auditors to verify the

	<p>correctness of the trial balances and cash balance at the branch on selected dates. As regards weekly returns received from unaudited branches, The return should be broadly reviewed on a sample basis to identify any prime-facie errors/inconsistencies.</p>
6	<p>Eligibility criteria for selection of concurrent auditor</p> <p>The bidder should satisfy following criteria</p>
6.1	<p>A reputed Partnership Firm having adequate resources to provide services.</p>
6.2	<p>Firm should have valid license ICA</p>
6.3	<p>Firm should have sound financials.</p>
6.4	<p>Firm should have five years experience of concurrent audit in the banking sector.</p>
7	<p>Details of Firm -</p> <p>All information should be submitted as per Annexure "1 " in tune with the services ,eligibility criteria.</p>
8	<p>Financial offer-</p> <p>Financial offer be submitted in the prescribed format as provided in Annexure "2" There will be no negotiations on financial offer ' hence the firm & final financial offer should be quoted.</p>
9	<p>Procedure for submission of proposal -</p>
9.1	<p>Two Envelope System –</p> <p>The Firm which is eligible as mentioned in the eligibility criteria, is requested to submit proposal in two parts viz-</p> <ol style="list-style-type: none"> 1. Firm Details and 2. Financial Offer <p>In two separate sealed envelope.</p> <p>The envelope should be clearly marked as ;</p> <ol style="list-style-type: none"> 1. "Proposal for Appointment of Concurrent Auditor for MSCB" - with details of services to be provided and Firm details as per annexure 1 and 2. "Financial Proposal for Concurrent Auditor for MSCB" – as per annexure 2 <p>The above two envelop should be enclosed in single outer envelope and should be marked as Appointment of Concurrent Auditor for MSCB"</p>

9.2

Submission of Tender –

Both the proposals should be addressed to :

The Managing Director

The Maharashtra State Co-operative Bank Ltd.,
Sir Vitthaladas Thackersey Memorial Building,
9, Maharashtra Chambers of Commerce Lane,
Fort, Mumbai – 400 001

The last date and time for submission of tender is January 23, 2017 upto 15.00 p.m. Both the envelope should be submitted together duly enclosed in one single outer envelope as mentioned above.

10

Evaluation process –

10.1

Any proposal if found to contain false or incorrect information is liable to be rejected outright.

10.2

Financial proposal not submitted in the prescribed format is liable to be outright rejected.

10.3

MSCB reserves the right to reject any and / or all proposals without assigning any reason thereof.

10.4

The proposal satisfying the eligibility criteria as mentioned in point no. 6 will be considered for further evaluation on financial criteria.

11

Payment terms -

The Firm will require to be bill quarterly for the Services. Bank will pay within a period of 15 days from the date of submission of the Bill after statutory deduction/s

12

Validity of offer –

The offer shall be valid up to 90 days from the date of opening of financial offer.

13

Acceptance of offer –

Bank reserves the right to accept or to cancel the offer without any reason.

14

Shortlisting of offer–

Those who will fulfill the eligibility criteria as mentioned in point no 6 will be shortlisted for opening of envelop 1 Firm Details. Financial Offers will be opened those who will be qualify as per Firm details.

15

Confidentiality -

Information reports & record of the bank shall be kept confidential. The information collected during the course of the assignment would be confidential and shall not be used for any other purpose other than for MSCB

16

Termination of services –

Either the Bank or the Firm can terminate the services by giving to other party in writing a minimum of 3 months notice in advance.

However under exceptional circumstance such as unethical professional behavior, breach of trust, breach of confidentiality or unsatisfactory services on the part of the Firm , Bank shall reserve the right to terminate the services of the Firm at any point during the services Period without assigning any reasons with immediate effect with 24 hours' notice in writing.

Details of Partnership Firm

Sr. No	Particulars	REMARKS
1	Firm Profile	YES/NO
2	Registered address of Firm	YES/NO
3	Telephone No	YES/NO
4	Fax No	YES/NO
5	E- mail ID	YES/NO
6	Registration No. with ICA	YES/NO
7	Pan No	YES/NO
8	Service Tax Registration No	YES/NO
9	Audited Balance Sheet for 2013-2014, 2014-2015 & 2015-2016	YES/NO
10	Banks details of which audit conducted	YES/NO
11	Name of authorised person to be contacted	YES/NO
12	Contact details of authorised persons	YES/NO

NOTE – above details to be submitted separately with proposal indicating Yes/No in the annexure-1 before each item, duly signed by authorised signatory.

SEAL

AUTHORISED SIGNATORY

Financial offer

Sr No	Years	Charges/Fees (Rs.)
1	2017-2018	
2	2018-2019	
3	2019-2020	
	Total	

SEAL

AUTHORISED SIGNATORY

Terms & Conditions –

- 1) All the costs should be quoted in Indian Rupees. and shall be valid through the service period
- 2) There will be no negotiations on financial offer, hence the firm & final financial offer should be quoted and need to be submitted on Firm's letter head.
- 3) The payment will be made on quarterly basis
- 4) Taxes will be paid on actual by the bank.
- 5) Either the Bank or the Firm can terminate the services by giving to other party in writing a minimum of 3 months' notice in advance.
- 6) Under exceptional circumstances such as unethical professional behavior, breach of trust, breach of confidentiality or unsatisfactory services on the part of the firm, The Bank shall reserves the right to terminate the services of the Firm at any point during the Contract Period without assigning any reasons with immediate effect, with 24 hours' notice in writing.
- 7) Vendor has to submit acceptance letter for terms & conditions
