

(To be furnished on the letter head of the firm / Company on receipt of Offer through e-mail)

**ANNEXURE I – LETTER OF ACCEPTANCE**

From	To:
	The General Manager, Canara Bank Inspection Wing, Head Office, Bangalore.

**SUB: Appointment as Concurrent Auditor / Continuous Auditor - Letter of acceptance of terms & conditions.**

**REF: Your offer letter dated .....**

This bears reference to your above offer letter appointing us as Concurrent Auditor for (Name of the Auditee Unit) for the period from **01.07.2022 to 30.06.2023**.

1. We, \_\_\_\_\_(Name and address) Chartered Accountant/s hereby accept the offer of appointment of Canara Bank for the Concurrent / Continuous Audit of Branch / Service Unit on the terms and conditions already set out in the application.
2. We also hereby declare that no change in the constitution of our firm has taken place since our application to the empanelment in your Bank for Concurrent / Continuous Audit. We also undertake to inform the Bank in advance, wherever there is any change in the constitution of the firm.
3. We undertake that (a) the Audit work assigned to us will be carried out by our own staff and (b) no sub-contract of the work will be given and (c) we / the firm will make necessary alternate arrangements to ensure uninterrupted audit of the branch in case of any contingencies. (d) We will ensure continuity of audit staff.
4. We declare that we / the spouse / dependent children wholly or mainly dependent parents, brothers, sisters or any of them, of any of the partners / proprietors of the firm or the firm / company in which they are partners / directors have not availed any loan from any of the branches of your Bank / indebted to your Bank. If availed, the details are as under:

Bank / Branch	Details of loan	Availed amount	Liability	Arrears / Overdues if any	Whether NPA

5. We also confirm that we are not disqualified under Section 141 of the Companies Act, 2013 read with Rule 10 of The Companies (Audit and Auditors) Rules, 2014 to accept this appointment.”
6. We declare that we are not partners / Directors in any other Audit Firm/s which are appointed for any other types of assignments in Canara Bank.
7. We declare that a partner / qualified assistant will devote his time as stipulated in the appointment letter for this work.

8. We do hereby declare that to the best of our ability and skill, execute and perform the duties required of us as Concurrent Auditor/s of the Bank.

9. We further declare that we will not communicate or allow to be communicated to any person any information relating to the affairs of Canara Bank or the affairs of any person/s having dealing with the Bank nor will we allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Bank relating to the business of the Bank or of the business of any person having any dealing with the Bank and maintain utmost confidentiality in all the matters which have come to our notice during the course of audit. If in the opinion of the Bank there is any breach of any of these covenants by us or any of the employees of our firm, the bank is at liberty to initiate any action against the firm and the firm is liable for any damages caused to the Bank or any of its claims.

10. I, ..... the main Partner / Director  
of M/s ..... situated at

.....(complete address) hereby declare that neither I nor any of our partners / Directors / members of my/their families (family will include besides spouse, children, parents, brothers, sisters or any of them who are wholly or mainly dependent on the Chartered Accountants) or the firm...../.....I am / they are partners/directors have been declared as (a) W ilful defaulter (b) Non-cooperative borrower by any bank/financial institution.

11. In case the above declaration or any part thereof is proved to be incorrect, the bank is free to advise the details thereof to RBI and Institute of Chartered Accountants of India / IBA for initiating necessary action against me / us.

12. We confirm that we are not associated with audit of any of the firms/ companies etc., which are dealing with your ..... (offered to us now) branch/ unit.

13. We also note that our failure to inspect securities as stipulated and report serious irregularities to Circle Office/ Inspection Wing, HO will attract disqualification from being continued as a concurrent auditor or other assignments by the Bank, and report the disqualification to RBI/ICAI/IBA.

14. We convey our acceptance to function as concurrent Auditors of .....branch/ unit on the remuneration offered by the Bank. The Bank is at liberty to modify the remuneration at any point without giving any reasons. The remuneration payable by the Bank is subject to applicable statutory deductions.

15. We are aware that the outsourcing of concurrent audit is subject to RBI guidelines issued from time to time and we undertake to be bound by such guideline or any other guidelines / instructions issued by Bank or to be issued by Bank to comply with the RBI guidelines or any other guidelines of the Bank from time to time.

16. We also undertake to preserve the documents / data obtained in the course of concurrent / Continuous audit in accordance with legal / regulatory obligations of RBI / the Bank.

17. The Bank is also at liberty to verify / inspect such records by the internal / external auditor of the Bank / RBI / other persons authorized by the Bank and we shall have no objection in giving access to all such books / records and information relevant to the audit.

18. We agree and undertake that the services rendered by us / firm is liable for periodical review by the Bank and in case in the opinion of the Bank our services are not satisfactory, the Bank is at liberty to alter/modify/vary/change any of the terms and conditions of the appointment after giving due intimation to the firm or summarily terminate the services of the firm if in the opinion of the bank the firm or any of its employees has violated any of the terms of appointment.

19. We understand and agree that other than fee offered no separate Travelling Allowance/Halting Allowance / Out of Pocket Expenses, fees for inspecting the securities/attending training / workshops, conducting audit of Extension Counters etc., will be paid.
20. In case of any dispute the decision of the Bank is final and only the appropriate court in Bangalore shall have the authority in jurisdictional matter.

**(Signature of the Authorized Signatory with seal)**

Date:  
Place:

**ANNEXURE II – LETTER OF UNDERTAKING:**

From	To:
	The General Manager, Canara Bank Inspection Wing, Head Office, Bengaluru.

1. We have read the bank's terms and conditions for selection/appointment of concurrent auditor and agree to abide by the same. We also undertake to execute the undertaking letter in the prescribed format agreeing to abide by the specific terms and conditions of appointment before taking up the assignment in case the firm is selected for Concurrent/ Continuous Audit.
2. We hereby declare we are qualified under provisions of Section 141 of Companies Act 2013 for appointment as auditors of the Bank. We are not disqualified under Section 141 of the Companies Act, 2013 read with Rule 10 of The Companies (Audit and Auditors) Rules,2014 to accept this appointment.”
3. We hereby declare that all the partners of the firm are full time practicing Chartered Accountants.
4. We hereby declare that individually, no partner is engaged in practice otherwise or in any other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act 1949.
5. We hereby declare that neither our Firm nor any of the partners have been disqualified/debarred/cautioned by ICAI / IBA / other regulatory bodies during the last 5 years.
6. We hereby declare that the constitution of the firm as on the date shown in this profile / Resume is the same as that of in the Constitution Certificate issued by the ICAI and any changes in the constitution will be intimated to the Bank as and when takes place.
7. We undertake to submit the latest copy of the Registration Certificate issued by the ICAI duly attested (self-attestation is permissible), on receipt of offer letter from the Bank.
8. We hereby declare and confirm that the above particulars are true, complete and correct and no other material information has been withheld.
9. The above particulars / information / details are given on behalf of the applicant, by the undersigned who is authorized to do so.
10. We also undertake to abide by any other Terms & Conditions which the Bank may stipulate in compliance to RBI / Government guidelines or other internal guidelines of the Bank issued from time to time.
11. We also undertake to indemnify the Bank against all actions, omissions, proceedings, claims, suits, damages and any other expenses for causes attributable to the auditor / firm including any loss suffered on account of any breach of the terms and conditions of the offer of the appointment.
12. We understand that at the discretion of the Bank, the services of the auditors shall be terminated / blacklisted with / without due intimation when the performance is found wanting and such Audit firms shall stand de-empaneled. This is without prejudice to referring the issues to the professional body (ICAI and also RBI / IBA ) and also claim damages for such unsatisfactory service, whatsoever by the firm or any of its employees.
13. We undertake to follow the time norms for completing the Audit and submitting the Audit report to the branch/Circle / Zonal Inspectorate. If there is any delay in submission of the report or the report is wanting in material aspect, we are liable to be forfeited 10% of the monthly Audit Fee

by the Bank without any further reference to us till the deficiency continues. The decision of the DGM, Zonal Inspectorate shall be final in this regard.

14. We confirm that Proprietor / Partner of the Audit firm / designated partner of the LLP is not a Director on the Board of the Bank.
15. We confirm that we are not partner / Designated Partner of any Audit firm where a director on the Board of the Bank is a partner.
16. We confirm that no relative or close relative of the Proprietor / Partner of the Audit firm / Designated partner of a LLP are / have working /worked in the last 3 years in the branch allotted for empanelment.
17. We do not have statutory audit (Central audit or Branch Audit), credit audit, valuation of fixed / current assets or any other similar assignments with Canara Bank / or /any branch of Canara Bank. We undertake to inform Inspection Wing, if we are appointed as Statutory Auditors of the Bank and to relinquish the Concurrent / Continuous Audit, only after completing the concurrent / Continuous audit and submitting the report upto the month in which the appointment as Statutory Auditor is made.
18. We are aware that if a firm of Chartered Accountants associated with Canara Bank as “statutory auditors” for the prescribed period - not exceeding 4 years is rested - during the rest period (or called cooling period), the Statutory Auditor shall not be considered for appointment as concurrent auditor. We confirm that we have not been appointed as Statutory Auditors of Canara Bank or its branches and also confirm that we/our firm is not in the “Cooling Period” under Statutory Audit.
19. We, the proprietor / firm / any partners of the firm, or any of our clients do not have any credit facilities with the auditee branch, mentioned above, (excepting for credit facilities against our / their own deposits – if any). If such credit facilities are availed, we are aware that the appointment for concurrent / Continuous audit will be terminated with immediate effect.
20. We, the Proprietor / firm / any partners of the firm do not have any disciplinary matters pending with ICAI/RBI/IBA/National Financial Reporting Authority (NFRA) and we have not suffered any disqualification.
21. We confirm that our services have not been terminated or stopped by Canara bank earlier for (i) want of satisfactory performance or (ii) serious acts of commission or omission or (iii) professional misconduct or (iv) any other reason.
22. We are aware and accept that if renewal of empanelment is considered, under exigent conditions, Bank may change the allotment of auditee unit / branch for any administrative reasons.
23. We understand and agree that in the event of merger / closure of the auditee Branch during the period of concurrent / Continuous audit, due to any administrative exigencies, the Bank at its discretion, may allot a new branch in the same city for Concurrent / Continuous audit for the remaining period of concurrent auditor’s tenure (i.e. upto 30th June) subject to availability and if new branch is allotted, the Concurrent Auditor has to commence the audit for the month from which the previous concurrent / Continuous audit of the new branch was completed. The fees payable shall be as applicable to the merged / closed Branch in which the concurrent auditor was doing the audit till the merger/closure. If suitable Branch is not available / could not be allotted, it is acceptable to us to forgo the assignment.
24. If any Fraud / Income leakage unearthed in the Branch / Service Unit (Auditee unit) at a later date eventually or during any other audits pertaining , we shall be liable for explanation and action taken.in this regard.
25. If we are allotted continuous audit of Retail Asset Hub (RAH)/ Retail Loan Centers (RLC) / Retail MSME Loan Centers (RMLC), we undertake that we will ensure coverage of files of

all branches coming under the purview of the said RAH/RLC/RMLC. If in case, during the period of continuous audit, any new branch files are added to the RAH/RLC/RMLC due to reallocation/ re arrangement of branches for each RAH/RLC/RMLC, we shall conduct Continuous audit of those new files also as per procedure.

26. In case of any dispute, the decision of the Bank is final and only the appropriate Courts in Bangalore shall have the jurisdictional authority.
27. We confirm that we have read and understood all the Terms and Conditions enumerated in the Online Application at the time of initial empanelment, comprehensively, and explicitly undertake to abide by all the Terms and Conditions laid down by the Bank for empanelment of external concurrent Auditors.
28. We accept and confirm that if there is any delay in submission of the report or the report is wanting in material aspect, 10% of the monthly Audit Fee shall be deducted without any further reference to us till the deficiency continues. The decision of the DGM, Zonal Inspectorate shall be final in this regard. The 10% deduction is in the nature of penalty & is not refundable at a later date.
29. We accept that whenever, the assignment is terminated or relinquishment is permitted, the audit remuneration will be paid only up to the end of previous month for which a fully completed report is received.
30. We accept that after termination of the contract / relinquishment of the assignment, we shall not use or keep any of the material information given by the Bank like Manuals, ITIOs etc. or make any representations to public or outsiders as continuing this contract.

**Signature**  
**Name of the Auditor .....**  
**Membership Number.....**  
**Name of the firm.....**

**Date:**  
**Place:**

**(To be furnished on the letter head of the firm / Company) ANNEXURE III - Compliance of DO's AND DON'Ts**

From	To:
	The General Manager, Canara Bank Inspection Wing, Head Office, Bengaluru.

Sub: Empanelment as Concurrent Auditor – Compliance of DO's AND DON'Ts.

We undertake to ensure compliance of the Dos and Don'ts as furnished below and undertake not to deviate from any of the issues contained therein.

**Dos: The Auditor shall**

1. Conduct pre- concurrent/continuous audit study of the branch / department by getting all relevant information of the auditee branch / office (as stated in the engagement letter)
2. Prepare proper audit plan based on 1 above, covering all the areas of the scope, keeping in the view the time lines stipulated.
3. Have a structured introductory meeting with the auditee branch office and seek all the information required in advance with proper time Schedule.
4. Introduce the audit team to the officials of the auditee branch / office.
5. Constitute Audit team with senior and experienced members as required.
6. Display team spirit and avoid misunderstandings/ arguments in the presence of auditee branch / office officials.
7. Ensure that findings are factual to the point, complete in detail and clear.
8. Be precise and comprehensive without missing links while preparing the report.
9. Be practical in his approach and view things in proper perspective.
10. Present a qualitative report rather than a bulky report. (Bulky report is not the criterion for judging one's performance. It is the quality of report that matters)
11. Be competent and possess high degree of integrity to command respect from auditee branch / office.
12. Discuss findings with branch officials on daily basis and try to rectify the defects then and there itself.
13. Give auditee branch / office officials, a chance to express their opinion while discussing the issues. Getting proper explanation in a co-operative atmosphere will save precious time.
14. First discuss with the leader of his team in case of difference of opinion with auditee branch / office officials. Further discussion on a higher level may be made, if required.
15. Report the matter to the leader of the team immediately in case, he comes across any information which causes him to suspect any element of fraud, gross negligence, gross incompetence or similar unfavorable actions or tendencies.
16. Maintain utmost secrecy of the information/ audit observations/ issues etc. relating to the auditee.
17. Shall be punctual and observe the office timings of the branch / office.
18. Be courteous, cooperative and professional.
19. Ensure that there is no conflict of interest.

#### **Don'ts: The Auditor shall**

1. Not have any professional or commercial relationship either direct or indirect with borrowers/ beneficiaries of the branch / department which he is auditing and also will not have such relationship in future as far as possible for a minimum period of three years.
2. Not take advantage of his association as Concurrent Auditor with the branch/ department of the bank and canvas for any client/ business with the bank either directly or indirectly.
3. Not represent on behalf of any client/ customer of the bank for a minimum period of as far as possible three years after the completion of term of the audit.
4. Not share/ pass on / discuss any audit related observations / issues/ findings with anyone other than concerned in the bank.
5. Not jump to conclusions without documentary evidence & sensationalise the issues.
6. Not use offensive language during discussions or in the reports.
7. Not offer general comments on internal control as "good / satisfactory / needs improvement etc., but substantiate with detailed observations.
8. Not direct the branch / office to follow a procedure which is not in our Manual of Instructions/ Circulars.
9. Not act overly reserved or unfriendly in order to maintain his independence as an auditing officer. A forbidding attitude on his part may well cause others to adopt the same attitude towards him. This can adversely affect the work entrusted to the inspecting officer.

10. Not get involved in heated argument with auditee branch/ office officials.
11. Not give orders to auditee branch / office officials, but seek requirements from the officer assigned to assist him on a particular job. The concerned officer would issue the necessary orders to their employees if he accepts inspector's suggestions and recommendations.
12. Not delay the submission of audit report.

**(Signature of the Authorized Signatory with seal)**

**PLACE:**

**DATE:**