

Request For Proposal

for

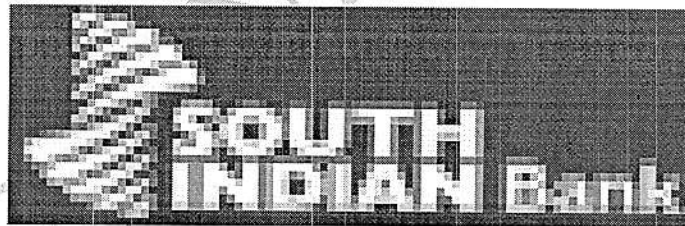
Empanelment of auditors for conducting

Forensic Audit

in the borrowal accounts

(Applications should be strictly from the Chartered accountant firms who have an office and practice in the State of Kerala)

Date: 14.02.2017



The South Indian Bank Ltd,

Credit Department – Monitoring,
Head Office, Mission Quarters,
Thrissur, Kerala -680001
Tel: 0487 242 0020

E MAIL: samc@sib.co.in

Web: www.southindianbank.com

CIN: L65191KL1929PLC001017

General Details

Department Name	Credit Department – Monitoring
About the Bank	<p>The South Indian bank Ltd is one of the leading private sector Banks in India having its corporate office in Thrissur, Kerala. The Bank has a national presence with 839 branches and 1310 ATMs spread across this country.</p> <p>The Bank has 20 Regional Offices.</p>
Business Overview	The Bank has an approximate aggregate business of more than INR 1,00,000 Crores
Scope of the job	Empanelment of auditors for conducting Forensic Audit in the borrowal accounts
Mode of application	Off Line
Key Dates	
Last Date of receipt of physical applications at our office	28.02.2017
Eligibility Criteria	<p>As per the RFP Document.</p> <p>Applications should be strictly from the Chartered accountant firms who have an office and practice in the State of Kerala</p>
General Conditions	<p>The applicants must fulfill the eligibility criteria.</p> <p>The applicants have to submit the application in the prescribed format as contained in the RFP document</p> <p>The applicants have to submit the KYC documents as per the format contained in RFP document</p> <p>The interested firms are required to submit the application along with the annexure in physical form to the following address:</p> <p>Deputy General Manager, South Indian Bank, Credit Department – Monitoring, Head Office, Mission Quarters, Thrissur, Kerala -680001</p>

Qualifications required for empanelment of Forensic Auditors Check list for selection of Forensic auditor firm/ company:

1. At least 2 qualified Fellow of Chartered Accountants (i.e. experience of 10 years) as Members & must be registered with Institute of Chartered Accountants of India (ICAI).
2. Should have an office and practice in the State of Kerala.
3. Firms / Corporates who display exceptional professional competence in Auditing/Forensic Auditing of the accounts with a turnover of ₹ 50 cr and above.
4. Having in-depth knowledge and extensive experience in accounting and should be aware of the various practices existing in cross section of industries.
5. The firm should be empanelled with RBI for conducting bank audits.
6. One of the partner/director/associate of the firm /corporate should be Certified Fraud Examiner (CFE) or has done Forensic Audit and Fraud Prevention (FAFP) course of The Institute of Chartered Accountants of India (ICAI).
7. Proven track record of conducting a number of Forensic and Investigative audits and exposed/established frauds and malpractices.
8. Firm should preferably have at least 5 years' experience of doing statutory or internal Audit of organization covered below-
 - Listed companies; or
 - Companies (private and public) / Partnership / LLP / Proprietor firms with a turnover of more than INR 50 crores
9. The name of the Firm/Company or its promoter/partner etc. should not be in the defaulters/barred/caution list published/displayed at websites of public bodies such as by RBI/IBA/ECGC/SEBI/CICs etc.
10. The Forensic Auditors who were associated with any account as auditor / concurrent auditor in the past will not be allocated Forensic Audit in that NPA account
11. Usual KYC norms like Identity and address proof of Firm/Company are mandatory.
12. PAN Number and Registration Number with Institute of Chartered Accountant of India is also mandatory for applicant and its CA Partners/Directors.

13. Bank reserves the right to reject any or all applications without assigning any reasons there for.
14. The firm/company should have a fixed office premises with reasonable space and adequate infrastructure.
15. The firm/company should have specialist staff on the rolls of employment or available on retention basis, with, minimum CA/ICWA/legal and certificate from ICAI (Forensic Audit and Fraud detection) in the field of service offered.
16. The terms of reference for forensic audit should be in such a way so that forensic auditors may not have any leeway.

SOUTH INDIAN BANK

Scope of Forensic Audit

The scope of Forensic audit will extend to following aspects relating to a borrower:

1. Capacity to pay: Examine as to if the borrower has defaulted in meeting its payment / repayment obligations to the bank even when it has the capacity to honour the same.
2. Money trail & End use of funds financed by the Bank/lenders.
3. Diversion of funds: diversion of funds on the part of borrower would be construed in any of the undernoted occurrences
4. Utilization of short term working capital funds for long term purposes not in conformity with the terms of sanction;
5. Deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned.
6. Transferring borrowed funds to the subsidiaries / group companies or other Corporate by whatever modalities.
7. Routing of funds through any bank other than the lender bank or members of consortium without prior permission of the bank/lenders.
8. Investment in other companies by way of acquiring equities / debt instruments without approval of lenders.
9. Shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn and the difference not being accounted for.
10. Siphoning off funds: siphoning off funds on the part of borrower would be construed to occur if any funds borrowed from bank are utilized for purposes un-related to the operations of the borrower, to the detriment of the financial health of the entity and/or the lender.
11. Capital Structure: Tracing the source of contribution by promoters by analyzing equity / debt infused by promoters / partners.
12. Abnormal trade transactions: Commenting on transactions of substantial amount, which seem not to be normal trade transactions at arm's length.
13. Sales: Verifying revenue from operations including checking sale order, invoices and controls in billing process. The focus should be on inflated turnover / fictitious sales and / or Sales on Return (SOR) basis where profit has been booked and sales returned in the subsequent

accounting period leading to writing off of stocks / debtors and reversal of booked profits. The sustainability of sales in future years should be co-related with Technical and Viability (TEV) study.

14. Details of all transactions with banks other than our bank.
15. Concentrating transactions – sole customer, sole supplier, major transactions with related parties / group companies, analysis of relationship in two-way deals with the same party or indirect payments made by customers of the borrower to the vendors of borrower,
16. Movements in unsecured loans during specified period
17. Details of substantial debts raised in sister / associate / group companies either through corporate guarantee of borrower or against security of promoters or promoters' family assets.
18. Verifying receivables thoroughly as there have been cases where the units have shown reciprocal receivables against each other, especially in case of related parties.
19. Finding details of assets of unit / its promoter (s) / partners to ensure recovery of loans granted by banks as there would be cases where some assets are not reported in financials of the unit / promoters / partners.
20. Examining chain of transactions pertaining to unit / promoters / partners to ensure genuineness of the dealings as there could be cases of bogus family/other transactions.
21. Examining stocks / inventory & purchase transactions in particular with related parties / sister concerns.
22. Identifying the type of fraud that has been operating, how long it has been operating for, and how the fraud has been concealed.
23. Identifying the fraudster(s) involved.
24. Quantifying the financial loss suffered by the bank.
25. Gathering evidence to be used in court proceedings.
26. Providing advice to prevent the reoccurrence of the fraud.

The list is indicative only and a Forensic Auditor may be assigned other jobs also within the ambit of Forensic Audit.

Application Format for Empanelment of Forensic Auditor

Name:-	
Constitution: (Copies of by-laws/memorandum and articles of association, as applicable, to be enclosed)	
Date of registration/ incorporation:	
Registration under with ICAI:	
If there has been a change in name/constitution/management in the past, please furnish details below along with supporting documents:	
Date of commencement of business:	
Name and Mob. No. of Contact Person:	
Details of Registered office, Administrative office and branches: (Mobile No, email, Fax etc)	
Activities in which company is involved, in detail along with experience (copy of proof be enclosed):	
Present setup/facilities/infrastructure available to execute the principal functions.	
Important assignments completed / undertaken during the last three financial years (please give detail of the name & addresses of the clients and services rendered. Also give present actual status of the last two forensic audit of loan accounts done by the applicant.)	
Personal & professional details of Promoters/partners/directors:	
Personal & professional details of Professional Staff (Part time/ full time/associate):	
Details of Registration/ Empanelment with other accredited agencies/ FIs/Banks as on date, mentioning the nature of empanelment:	
Net worth of the Firm/Company of last three years. Paid up Capital- Income/Revenue Borrowings Net worth PAT Please enclose copies of past three years audited financial statements/ annual reports or copies of provisional financial statements in the absence of audited accounts & Income tax clearance certificate.	
Fee estimate	
Period required for completion & submission of report	

Declaration

I/we declare that the particulars furnished above are true to the best of my knowledge and belief. I/we, further confirm that all the necessary supporting documents are enclosed with the application.

I/we hereby undertake that the firm/company, if empanelled, shall have arm's length distance with the proposed clients for whose forensic audit of loan account is done, will not have any business dealings with them or give them undue favour, will not demand additional remuneration than what is initially settled nor will unnecessarily delay the investigation report.

I/we hereby apply to the bank to empanel firm/company on the Bank's panel as forensic auditor of stressed loan accounts.

I/we understand that any discrepancy/wrong information/breach of undertaking would lead to cancellation of enlistment as auditor with immediate effect.

Seal of the company/firm

For _____

Partner/Authorized Signatory

Place
Date