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Indian Overseas Bank

(Bank Incorporated in India with Limited Liability)

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IOBHK/CES/ /2025-26

Date: 09.07.2025

Notice for Empanelment of Concurrent Auditor for Indian Overseas Bank, Hong Kong Branch (IOBHK)

Indian Overseas Bank, Hong Kong Branch invites applications from eligible and interested firms/companies for conducting concurrent audit of IOBHK on monthly basis.

Eligibility for Engagement.

Applicant should have qualified CPA firm and registered with The Hong Kong Institute of Certified Public Accountants (HKICPA)

2. CPA Firms would also be required to submit a declaration that they are full time practicing Chartered Accountants, not employed elsewhere, do not have any other business interest with IOB/IOBHK and not a Director in IOB Bank or related to any of the present Directors of IOB Bank.

The Concurrent Audit firm shall not have any professional or commercial relationship either direct or indirect with borrowers/beneficiaries of the branch/department.

4. The Auditors' Services should not have been terminated or stopped by our Bank earlier for (i) want of satisfactory performance or (ii) serious acts of commission or omission or (iii) professional misconduct or (iv) any other adverse reasons.

5.If the name of the Concurrent Auditor is appearing in the list of Third-Party Entities - TPES prepared by IBA, or list of entities blacklisted by professional bodies such as HKICPA or blacklist by other Banks, then no empanelment would be considered.



Audit firms should preferably have qualified Information System Auditor (CISA / DISA) with necessary exposure of system audit. Since the branch is fully computerized, system audit shall form an integral part of audit of the Bank.

7. Audit firm should not have been disqualified by any Bank/HKMA/RBI/HKICPA, while taking-up audit work on earlier occasions.

8. Weightage would be given to the CPA Firms where the partners themselves are Ex-Bankers or the firm(s) has got tie-up with Ex-Bankers with requisite experience and exposure.

It is to be ensured that the audit firm or any sister / associate concern network firm is not conducting the statutory audit of the Bank or any of its branches.

10. Weightage will be given to a firm having exposure in conducting Concurrent Audit of the Bank branches for other Banks in Hong Kong.

11. The firm should have necessary office set up and adequate personnel to ensure proper deployment and timely completion of the assignments.

12. The firm will not be allowed to sub-contract the audit work assigned to any outside firm or other persons even though such persons are qualified CPA firms.

A declaration to be furnished by the firm that credit facilities availed by the firm or partners of firm 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 non-performing asset or are existing non-performing assets, as per the prudential norms of RBI. In case the declaration is found incorrect, the assignment would be immediately terminated, besides the firm being liable for any action under HKICPA / HKMA/other Regulatory Authority guidelines.

II. SCOPE OF CONCURRENT AUDIT:

1. Areas covered in the Bank's Standard format / module for Concurrent Audit and mentioned in Audit & Inspection Policy of the Bank. Concurrent Auditor would examine all the transactions and identify the ones which are not as per the Bank's laid down rules / circulars and guidelines / instructions received from Regulators and authorities like HKMA, RBI and Hong Kong Government etc. from time to time.

2. Every month Concurrent Auditor would also check if there is any wide variation in the cost of deposits and yield on advances as compared to the previous periods. A copy of the guidelines on the manner of conducting the



audit will be provided to the firm at the time of allotment of branches and thereafter from time to time.

3. Concurrent Auditors will also get rectified all the irregularities identified by them during the course of the audit. Monthly Concurrent Audit reports should be released within 10th of succeeding month.

4. Comment on Bank's policies or Evaluation of the decisions taken by Branch Managers /authorized officials are beyond the scope of Concurrent Audit. However, any violation of delegated powers as laid down by the Bank and violations of laid down policies, system and procedures of the Bank are within the scope of the Concurrent Audit.

III. REQUIREMENTS FROM AUDIT FIRMS:

1. Concurrent Auditors shall be required to carry out the assignment in a professional manner and in case of any misconduct or negligence, the Bank is free to report the matter at any time to HKICPA / HKMA / RBI /other Regulatory Authority. This will be in addition to the disengagement from the Concurrent Audit assignment.

2. Bank would provide to the Concurrent Auditors a suggestive / illustrative checklist of items/areas to be checked daily/weekly/monthly/quarterly and Concurrent Auditors should identify the deficiencies / irregularities in accordance with the checklist.

3. Concurrent Auditors shall be required to get rectified all the irregularities identified by them during the course of Audit and report only those irregularities, which remained un-rectified, with reasons as to why the same were not rectified and release the Concurrent Audit Report on or before 10th day of succeeding month. Branch / offices under manual Audit would submit the Monthly report to respective Branch.

4. The Concurrent Auditor would also be required to report immediately to the Bank's higher authorities wherever any serious irregularity or transactions involving malafide corrupt practices and gross indiscipline or any fraudulent transaction is detected by them.

5. The Concurrent Audit firm shall not lobby directly or indirectly for considering any credit proposals of their friends/clients to the Bank / auditee branch.

6. The Concurrent Audit firm should furnish the name, qualification and skill set of the persons, who shall be conducting audit in the branch, to the Bank before



commencing audit assignment and such persons will have to continue audit for all the Twelve (12) months.

The Monthly Audit Report has to be released on or before 10th day of succeeding month. Branches / Offices under manual Concurrent Audit are required to be submitted in an approved structured format, provided by the Bank within 10th day of succeeding month. Suitable penal provisions would be applicable for delayed submission of audit reports. The firms should strictly adhere to the format / Online module and the time limit.

8. In case of monthly Concurrent Audits, Auditor has to visit the branch daily out of which the Partners (CPA) of the audit firm must also visit the branch at least once a week.

9. The firm should execute undertaking of fidelity and secrecy on its letter head in the format prescribed by the Bank.

10. Concurrent Auditors would have to sign Do's & Don'ts statement in order to have proper arm's length relationship with the Branch / Department of which they are conducting Concurrent Audit. Such undertaking would be submitted annually.

11. If the branch is not under Statutory Audit, then all certifications as required in Statutory Audit has to be verified and certified by the Concurrent Auditor.

12. The Concurrent Auditor has to carry out Complicacies Audit (Test checking of at least 10% of irregularities) of RBIA (Risk Based Internal Audit) and issue a certificate of satisfactory compliance of reported irregularities in the RBIA report.

13. Since the branch is an overseas branch of IOB Bank, the CPA Firms must have necessary skilled manpower for dealing with Forex Transactions undertaken by the branches including checking of Import bills, inward remittance and checking of various forms etc. Auditor has to issue necessary certificates in compliance with HKMA / RBI and other Statutory directives. Further checking of logs generated from SWIFT system to ensure reconciliation for all Financial and Non-Financial messages on daily basis.

IV. TERMS & CONDITIONS:

(a) Engagement:

Applications received from the CPA firms in response to the notification, within the given time limit and in the given format fulfilling the prescribed eligibility



criteria shall be empanelled by the Bank. The panel shall remain valid for a period of one year unless otherwise advised in writing.

(b) Engagement of Concurrent Auditors & other conditions

1. Suitable firms would be identified for each assignment and be approved taking into account their experience and exposure, similar activity carried out for the Bank or other Banks, availability of adequately trained resources, location of the audit unit etc. Such approved CPA firms would be issued letters of engagement by the Audit & Inspection Department/IOB Bank Hong Kong Branch.

2. The tenure of the Concurrent Auditor would be initially for one year and would be subject to renewal every year and can be extended maximum up to a period of 3 years overall at Bank's discretion.

After completion of specified maximum period of three years, cooling period of one year would be applicable for a firm to become eligible for next engagement. This will be purely at the discretion of the Bank and no rights whatsoever accrue to the firm for such engagement.

4. The Concurrent Auditors should adhere to the audit coverage strictly as per the scope as may be decided by the Bank from time to time.

5. The concurrent Auditor should not undertake any other activity/ assignment on behalf of the branch or unit, other than the activities for which they are engaged, without obtaining the concurrence of the Head Office, Audit & Inspection Department in writing.

(c) Performance Review:

The performance of the engaged firms would be periodically reviewed, once in a quarter and if found unsatisfactory, the Bank may remove the name of the Concurrent Audit firm from the panel of the Bank.

(e) Dis-engagement:

The engaged firms may be dis-engaged at the Bank's sole discretion without any notice. If the performance of the Concurrent Auditor is found unsatisfactory or any serious act of omission or commission is noticed in their working, their engagement may be cancelled at any point of time. If felt necessary, the matter may be reported to HKICPA and/or HKMA / RBI for necessary action.

The indicative but not exhaustive list of work to be performed by Internal Auditor is given as **Annexure**.



The eligible interested firms/companies may apply at the below mentioned email id, along with copy of the incorporation documents, profile of the firm/company, qualifications of the key persons and personnel, similar assignments both present and past with period, quote for the proposed assignment **on or before 24.07.2025**. The final selection will be purely based on the discretion of the bank and no correspondence will be entertained in this regard.



Chief Executive

Indian Overseas Bank

Hong Kong



For display in notice board and branch website.

Indicative scope of work

1. Cash 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, etc.
3. Adherence to KYC/ AML guidelines including monitoring of transactions in accounts, compliance with Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS), monitoring of transactions in new accounts/ staff accounts, reporting of CTR/STR, etc.
4. Remittances/ Bill for Collection including SWIFT transactions, monitoring of overdue statements (bills purchased/ discounted/ negotiated, etc.).
5. House Keeping including reconciliation of accounts, monitoring of General Ledger/ Subsidiary Ledger/ Parking Accounts, opening of internal accounts, etc.
6. Treasury operations.
7. Non fund based business.
8. Foreign Exchange transactions.
9. Clearing transactions.
10. Compliance to RBI guidelines and internal Policy guidelines issued from time to time.

Besides, the Scope is detailed as to include,

The Concurrent Audit will cover & report on all areas of branch operations including cash, KYC/AML, credit monitoring, NPA follow up, internal control system, periodical report submission etc.,

The various activities of branches shall be checked concurrently, and the findings shared with the auditee for redressal / rectification and this would reduce the audit findings pending for rectification / redressal and shall be reported through monthly reports.

The Concurrent Auditors have to verify the monitoring aspects of Suit filled /large NPA/SMAs.

The Concurrent Auditors to verify the outstanding under sundry creditors, suspense Accounts, Internal office accounts & their reconciliations and report old outstanding and unreconciled accounts.

The Concurrent Auditors have to check correctness of Interest fed in the Finacle and ensure to correct application of interest at least in 3 major borrowal accounts every month. The necessary worksheet must be verified and attached with the report.

The Concurrent Auditors have to peruse various inspection reports like RBI inspection report, HKMA reviews/inspection, and offer their comments on the reason of noncompliance if any.



The concurrent auditors shall submit periodic credit compliance audit reports to the concerned authorities as per guidelines.

The Concurrent Auditors have to examine the availability of appraisal notes/acknowledged sanction letter for the sanction of limits/renewal of limit against the limits and DP fed in the system during the month.

The concurrent auditors shall, if the Bank so decides provide all the certificates required under annual/quarterly statutory branch audit system and submit to Bank Management.

The concurrent auditor shall check the accuracy and timely submission of regulatory returns to HKMA.

The concurrent auditor shall check the computation and correctness of LCR/NSFR/LMR and other liquidity ratios.

The concurrent auditors shall prepare and submit any other random information/return called for by Central office or any other authorities from time to time.

Any other random returns/data being called for by Central Office, as the Internal auditor generally maintains all data.

The concurrent auditor shall check adherence to General Lending Policy document for overseas branches is a broad policy, which covers various aspects of lending activity and forms the basis for various credit decisions. The loan policy of Overseas Branches provides guidelines for the orderly conduct of doing business so as to balance income and risk in a manner consistent with the bank' objectives. The policy shall take into account the following:

- To comply with Government / Regulatory – host country as well as home country / RBI regulations on Capital Adequacy, Prudential Norms, Asset Classification Guidelines, Provisioning norms, Risk Management Guidelines, AML and KYC norms etc.
- To have a balanced Asset Liability Management structure.
- To have a diversified loan portfolio to avoid concentration of limits in groups, commodities, countries etc.
- To make thorough appraisal in a professional manner so as to make timely, efficient and effective credit decision.
- To ensure that a fair and reasonable spread is generated through disbursement of various facilities taking into account prospects of non-interest income.
- To have effective pre-sanction and post disbursement follow up mechanism
- To effectively address credit management including NPA management and continually upgrade the quality of assets.
- Lending activities to complement Forex Dealing Room activities so as to enhance our Profit on Exchange.



CREDIT MANAGEMENT:

- Review / Renewal of borrowal accounts – If the limits are not renewed before the expiry, the reasons for non-renewal, when the account is likely to be renewed etc. to be incorporated
- Adhoc / Excess allowed which are not reported / not confirmed by the higher authorities with reasons, to be reported.
- Non-obtention of latest Audited Balance Sheet to be commented.
- Comments to be given on Income Recognition and Asset Classification
- Irregularities if any observation on documentation and non-compliance of terms of sanction.
- Comment on unit inspection visit report.

INVESTMENTS:

- Concurrent auditor to comment whether the investment done with proper authority and details such as Quarter on Quarter movement, mark to market / valuation loss etc.

HOUSE KEEPING:

- Comments maintenance and balancing of books
- Verification of all vouchers on daily basis and to give comments with particular reference to Profit and Loss vouchers.
- Comments on Nostro accounts reconciliation and steps taken for elimination of old entries in Suspense, Sundry Creditors, Collection Bills etc.
- Surprise verification of cash is to be done once in a quarter and deficiencies if any observed are to be reported.
- KYC / AML: i) Details of deficiencies in opening / closing of accounts like non-obtention of proof of identity, proof of address, etc. are to be reported
ii) To verify whether the guidelines of local Monetary Authority are being followed by the branch strictly in respect of AML/CFT.

DEALING ROOM AND FOREX BACK OFFICE:

- Comments on Counter Party Risk Limit, Country Risk Limit and Stop Loss Limit if exceeded. Details of confirmation or other wise of the excess by Central Office to be incorporated.

REPORT ON MAJOR BORROWAL ACCOUNTS:

- All accounts with fund-based limit of USD0.500 Mio (Except Term Loans) and above or its equivalent are to be reported in the format prescribed.

FREELANCE REPORTING:

- Auditor to report regarding veracity of the certificate furnished by the Chief Executive regarding compliance of host country regulatory requirements and if there are any violations, reasons there for / steps taken for non-recurrence etc. and any other points / suggestions.



CERTIFICATE:

- Auditor is to give a certificate with regard to
 - i) adherence to Overseas Lending Policy of the Bank
 - ii) adherence Host Country Regulations / Guidelines
 - iii) Adherence to Single borrower / Group borrower or SOO committee.

SWIFT:

- Reconciliation of SWIFT messages with FINACLE/TREAGLOBE and certifying to concerned authority on daily basis.

Following up for rectification of observations in Long Form Audit Report of External Auditors.

Verifying Central Office returns. Liaising with local team for all the central office returns. Responding to the queries raised by CO Auditors/International department.

Assisting in Taxation Matters of the branch.

Assisting the External Auditors in the conduct of audit and consolidation work.

As an observer in various Committees of the branch, play a key role in evolving and modifying policies and procedures.

