

Field General Manager's Office,  
1<sup>st</sup> Floor, Hotel Shivalik View, Sector 17-E, Chandigarh-160017

To,

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Dear Sir,

**Reg: Invitation Letter: Engagement of Forensic Auditor**

The bank is desirous of engaging the services of FORENSIC AUDITOR in the account:

- M/s Devgan Medical Agencies,
- M/s Neelkanth Hospital
- Mr. Sunil Dutt.

The engagement process is being done under the two bid system wherein the important points to comply with are as mentioned in this communication.

1. The details of the Account are as follows:

Name	Address
M/s Devgan Medical Agencies	1428 KATRA SHER SINGH, AMRITSAR
M/s Neelkanth Hospital	FATEHGARH CHURIAN ROAD, AMRITSAR
Sunil Dutt	378-A, M.M Malviya Road, Amritsar

2. The scope of work is as follows:

As per Annexure 1 enclosed

3. Period of audit to be conducted:

01.04.2017 to 31.03.2022

4. Time frame for submission of report: 90 days from the issuance of allotment of account for Forensic Audit.

5. The indicative Forensic Audit Report covering various aspects has been enclosed as Annexure 12 .

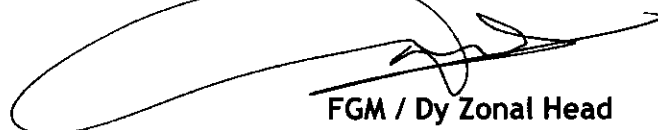
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6. The undertaking format for Non Disclosure Annexure9 and General undertaking Appendix 13 of this letter which would be binding on you in case the Bank engages you as FORENSIC AUDITOR in the captioned account.
7. The assessment would be based on Technical and Financial Bid wherein the **weighted average combined final scores** would be the deciding factor. The bank has decided to give 70% to the technical parameters as per the technical bid format enclosed as Appendix 4 to this communication and 30% to the financial parameters as per the financial bid format enclosed as Appendix-5- to this communication.
8. The cut off for Technical Bid would be 70% marks. Any applicant/Bidder scoring less than 70% in technical bidding would be declared as unsuccessful and his unopened bid would be returned. The financial bid of all those bidders who qualify technical assessment would only be opened.
9. The Technical bid would be converted into marks using the formula as per Sl No. 4 of the table under Para 10 (Table for Assessment of weighted average combined final scores of an FORENSIC AUDITOR) which would be used to arrive at the final marks obtained by a bidder.
10. The Financial bid would be converted into marks using the formula as per Sl No. 6 of the following table (Table for Assessment of weighted average combined final scores of an FORENSIC AUDITOR) which would be used to arrive at the final marks obtained by a bidder:

<b>Table for Assessment of weighted average combined final scores of an FORENSIC AUDITOR</b>		
<b>Sl. No.</b>	<b>Parameters/Particulars</b>	<b>Score/Calculation</b>
<b>1</b>	<b>Name of the Firm</b>	
<b>2</b>	<b>Name of the Account</b>	
<b>3</b>	<b>Technical Marks Obtained</b>	
<b>4</b>	<b>Technical Scores-(Technical Marks by this Agency/Highest Technical Marks amongst all Technically Successful* Bidders)*100</b>	
<b>5</b>	<b>Eligible Score-Technical (70% of Technical Score) - (A)</b>	
<b>6</b>	<b>Financial Score- (Lowest Bid/Bid by this Agency)*100</b>	
<b>7</b>	<b>Eligible Score-Financial (30% of Financial Score) - (B)</b>	
<b>8</b>	<b>Weighted average combined final scores (A)+(B)</b>	

11. The final assessment would be done based on **weighted average combined final scores** which would be arrived at by adding the weighted average technical score as in Sl No 5 above of the table (Table for Assessment of weighted average combined final scores of an FORENSIC AUDITOR) and the weighted average financial score as in Sl No 7 above of the table (Table for Assessment of weighted average combined final scores of an FORENSIC AUDITOR).

12. In case of a tie, i.e. if the **weighted average combined final scores** as in Point No 8 above obtained by two applicants match /are same/equal upto two decimal places, then the FORENSIC AUDITOR having obtained higher score in technical bidding would be declared as successful.
13. In case the successful bidder is not willing/in a position to provide the services to the bank due to any reasons and backs out, the Bank would be free to call upon the next highest **weighted average combined final score** applicant for the work if the FORENSIC AUDITOR applicant agrees to provide the desired services at the same financial cost (At which the HIGHEST weighted average combined final scores' FORENSIC AUDITOR has agreed to provide or the professional fees quoted by this bidder whichever is least)..
14. The above-mentioned selection process will be a one stage process. If for some reasons, the highest scoring FORENSIC AUDITOR/Applicant/Bidder declines the assignment; next higher scoring FORENSIC AUDITOR/Applicant/Bidder may be selected.
15. The Envelope / Cover containing Technical and Financial Bid shall clearly indicate (in bold letters) **"EXPRESSION OF INTEREST TO ACT AS A FORENSIC AUDITOR In the Account M/s Devgan Medical Agencies, M/s Neelkanth Hospital & Mr. Sunil Dutt"** at the top of the Envelop / Cover.
16. The last date and time for submission of the technical as well as financial bids is 11.07.2022,1600 Hours. The technical bids shall be opened for evaluation on 11.07.2022,1700 Hours. All the Bids which would be in transit by this date and time would not be accepted.
17. Bank at its discretion can extend the date/time and such extension would be binding on the bidders/applicants.
18. For any other details regarding the process, please contact Mr. Sunil Tyagi Tel: +91-9815527431, email: suniltyagi@unionbankofindia.bank & Jaspal Singh Tel: 776010111 email: cmrd.fgmo@unionbankofindia.bank.
19. If required, a pre Bid Meeting would be held on 02.07.2022 at 11.00 A.M. The information will be communicated through e\_mail only.
20. The bidder/FORENSIC AUDITOR Applicant has to sign each and every page of the Bid/Application.
21. The Bank reserves the right to blacklist the Agency (FORENSIC AUDITOR) if it finds that there is misreporting/non compliance of terms and conditions of the Bank as well as the information submitted in the Technical Bid at the time of bidding, on the part of the FORENSIC AUDITOR.



FGM / Dy Zonal Head

**ANNEXURE - 1**

**Broad Framework / Scope of Forensic Audit:**

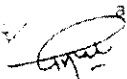
1. Ascertaining money trail and end use of funds disbursed by lenders and instance of diversion of funds
2. **Capital Structure** Tracing the source, genuineness and end use of contribution made by promoters by analysing equity/debt infused by promoters / partners
3. **Capacity to pay:** Examination as to if the borrower has defaulted in meeting its payment / repayment obligations to the bank even when the borrower/borrowing entity has the capacity to honor the same
4. **Escrow/ Trust & Retention Account/ any other Account mentioned for special purpose:** Commenting on adherence to Escrow / Trust and Retention Account (TRA) arrangements made with various Banks. Details of all transactions with banks outside the consortium/other than nominated account
5. The period and amount of individual transactions, if any, for which the transactions / statements are to be analysed by the Forensic Auditor, should be clearly spelt out in the scope of work
6. **Diversion of funds:** Diversion of funds on the part of borrower/borrowing entity under any of the (but not limited to) undernoted occurrences
  - i. Utilization of short-term working capital funds for long term purposes not in conformity with the terms of sanction
  - ii. Deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned i.e., disbursement vs. asset creation and equity infusion
  - iii. Transferring borrowed funds to the subsidiaries / group companies or other Corporate/individuals by whatever modalities not in conformity with the terms of sanction
  - iv. Routing of funds through any bank other than the lender bank or members of consortium / multiple banking without prior permission of the bank/lenders as the case may be
  - v. Investment in other companies by way of acquiring equities / debt instruments without approval of lenders.
  - vi. Shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn and the difference not being accounted for
7. **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
8. Commenting on transactions of substantial amount which seem not to be normal trade transactions at arms' length
9. To differentiate fraudulent transactions from genuine transactions and identify Extortionate credit transactions and undervalued transactions as defined in Insolvency and Bankruptcy Code

2016





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 detrimental to the financial health of the entity and/or the lender
11. **Abnormal trade transactions:** Commenting on transactions of substantial amount which seem not to be normal trade transactions at arm's length
12. Examining stocks / inventory & purchase transactions particularly with related parties / sister concerns
13. Identifying the type of fraud (if any) that has been operating, how long it has been operating for and how the fraud has been concealed
14. To look into specifically whether any cash theft, fraudulent disbursement, inventory fraud, misuse of assets, material misstatement in financial statements, deliberate falsification of accounting records, omission of transactions, balances, disclosures, misappropriation of financial reporting standards etc have taken place. Instances of fake invoices, inflated receivables, fake balance certificates etc would need to be probed during the audit
15. Excessive provisioning / write offs / losses which are not in the ordinary course of business and are unusual in nature
16. Non-moving creditors & debtors
17. Alienation/disposal of securities without required permission from the Bank
18. In case of accounts under multiple banking / consortium arrangement, the forensic audit should be carried for entire transactions of the company not limited to the transaction of bank for which the Forensic Audit is contemplated
19. Any other happening / feature in the utilization / management of funds given by the lender / lenders that suggests an unethical act / abatement/collusion by / on part of the company / promoters, that qualifies for a fraudulent transaction
20. Movements in unsecured loans during the specified period
21. Details of substantial debts raised in sister / associate / group companies either through corporate guarantee of borrower or against security of promoters or promoter's family assets
22. Finding details of assets of unit / its promoter/ partners to ensure recovery of loans and advances granted by banks as there would be cases where some assets are not reported in financials of the unit/promoters / partners
23. Examining, discreetly chain of transactions pertaining to unit / promoters / partners to ensure genuineness of the dealings as there could be cases of bogus / family / other settlement transactions
24. To comment on decision diversion and misappropriation of funds by the promoter / director if any. The auditor should specifically find out whether or not the company has deviated and carried out activities outside the scope of "object clause" in their Memorandum of Association (MOA) with the intention of diversion of funds
25. To conclude and comprehensively report by the auditor, taking into account all the facts and figures with reference to the company, its subsidiaries and related parties and other relevant information whether fraudulent activities have taken place. In the process of such detection, the auditor is required to identify the fraudulent activities, quantify the amount diverted to purposes other than those for which the facilities have been sanctioned, and, the persons responsible for it
26. Comment on instances if any of non-maintenance of books of accounts and statutory records as required by various laws



27. Verifying receivables/ Payables – Receivables and payables should be verified thoroughly with a view to unearth:
  - a) Reciprocal receivables/payables against each other in case of related parties or fictitious debtors & creditors
  - b) inflated debts
  - c) already realized debts
  - d) disputed debts
  - e) unacknowledged debts
28. Analysis of the GST returns to find out the real sales figure and to check whether there is any deviation from the amount reported in the P&L a/c
29. Verifying revenue from operations including checking sale order, invoices and controls in the billing process. The focus should be on unearthing 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
30. Extent of Non-Cooperative behavior shown by the borrower
31. Analysis of all Non-Fund based limits availed by the company from banks, analysis of beneficiary of the payments made through the LC/LOU/LUT route
32. Scrutinize and analyze cash flow and investments including loans and advances/investments given/taken to/from Associates & Subsidiaries, Related Parties and Unconnected Party
33. Stock and inventory analysis – physical verification, tracing inventory movement etc
34. Fixed assets disposal/acquisition analysis
35. Critical analysis / verification of major suppliers and creditors of the Company
36. Detailed Review of contingent liabilities and status thereof
37. Complicity of statutory auditors, especially their role in mis-reporting of Related Party transactions, Wrong certification of Capital Infusion, instances if any relating to investment in non-related activities without lenders approval, instances if any in the nature of manipulations in financial statements, Audit related Qualifications of serious nature, etc
38. General Scope (Along with the above, wherever applicable)
  - i. Identifying the Modus Operandi / Methodology of the fraud & fraudster(s) involved if any
  - ii. Quantifying the financial loss suffered by the bank
  - iii. Providing Conclusive Report as to the existence or otherwise of the fraud in a borrower's account
  - iv. Gathering evidence of the Modus Operandi to be used in court proceedings
39. In addition to the above
  - i. At the time of engagement of the services, concurrence of the Forensic Auditor be obtained for sharing the report to the Statutory authorities/Judiciary/Resolution Professional appointed under IBC, 2016 or any such other forum as needed for the process
  - ii. The period of coverage for the Audit Assignment could be as deemed fit on case to case basis

(Note: The above aspects of audit are indicative and not exhaustive in nature and as such the specifications could be beyond the above areas and vary on a case-to-case basis depending on the nature and need for the Forensic Audit)






### FORMAT FOR TECHNICAL BID

#### APPOINTMENT/SELECTION OF FORENSIC AUDITOR)

##### (A) General Parameters:

- 1) Name of the FORENSIC AUDITOR: \_\_\_\_\_
- 2) Name of the Account for which application is submitted: \_\_\_\_\_
- 3) Registration No. (If any by IBA/Other Agency) \_\_\_\_\_
- 4) Constitution: \_\_\_\_\_
- 5) GST No.: \_\_\_\_\_
- 6) Date of Incorporation/Establishment: \_\_\_\_\_
- 7) Address: \_\_\_\_\_  
(Address of all Locations/Offices/Branches of the FORENSIC AUDITOR to be given)
- 8) Contact Number(s): \_\_\_\_\_
- 9) E Mail ID(s): \_\_\_\_\_
- 10) Website: \_\_\_\_\_
- 11) Whether blacklisted by any Financial Institution / other organization / any Government Department till the date of application. (The Firms, Companies and Organizations should furnish self attested affidavit in this regard) \_\_\_\_\_
- 12) Details of Director(s)/Partner(s)/Authorised Person(s):

Name	Address	Contact Number	E Mail ID	Mobile No.

- 13) Details of Key Personnel/Employees in the firm (Attach Profiles of each) :

Name	Address	Contact Number	E Mail ID	Mobile No.

- 14) Name of the Key Personnel/Employees in the firm (Who would be working on the project/account under the application) : \_\_\_\_\_
- 15) Whether the FORENSIC AUDITOR or any of its Directors/Employees is/was/are hired in any form by the Account/Firm for which the FORENSIC AUDITOR is desired (like Consultant, Engineer, Auditor etc...)? (Give details) \_\_\_\_\_
- 16) Whether the FORENSIC AUDITOR or any of its Directors/Employees are/is related in any manner to the Account for which the FORENSIC AUDITOR is desired? \_\_\_\_\_
- 17) Whether the FORENSIC AUDITOR or any of its Directors/Employees have ever dealt with the Account/Firm/Borrower for which the FORENSIC AUDITOR is desired in any manner including debt syndication (Submit Details)? \_\_\_\_\_
- 18) Firm/Director(s)/Partner(s)/ Promoter(s)/ Proprietor/Key Employees involved/ charged in tax/ regulatory violations if any? (Give Details) \_\_\_\_\_
- 19) Firm/Director(s)/Partner(s)/Promoter(s)/Proprietor/Key Employees involved in litigation if any? (Give Details) \_\_\_\_\_

**(B) Technical Parameters**

(Please submit details/supporting documents in respect of each claim)

Sl. No.	Criteria	Info.	Max Marks	Marks Scored
1	Number of ongoing/completed assignments (Forensic and Investigative Audit) ✓ 7 Accounts or more → 10 Marks ✓ 4 - 6 Accounts → 6 Marks ✓ 1 - 3 Account → 2 Marks		10	
2	Experience of Statutory or internal audit in Public/Pvt Companies in years ✓ More than 15 years → 10 Marks ✓ From 11 - 15 Years → 7 Marks ✓ From 5 to 10 years → 4 Marks ✓ Less than 5 years → 0 Marks		10	
3	Number of Partners / Promoters / Directors having relevant experience ✓ More than 10 and above → 10 Marks ✓ From 6 - 9 → 7 Marks ✓ From 2 to 5 → 4 Marks		10	
4	Average professional receipt of the Audit Firm during last 3 years as per IT Return ✓ 3 Crores and above → 8 Marks ✓ Above 2 Crores and below 3 Crores → 5 Marks ✓ 1 Crores to 2 Crores → 3 Marks ✓ Less than 1 Crore → Nil		8	



5	Number of regulatory / statutory authorities where presently empanelled (Eg. RBI / IBA / SEBI / CIC / ECGC): ✓ More than 4 → 7 Marks ✓ From 3 to 4 → 5 Marks ✓ From 1 to 2 → 3 Marks		7	
6	Quality of Service in the past/ present FORENSIC AUDITOR and/or Similar assignment(s) (Please provide copies of testimonials from the Principals) as also the adequacy of the capability presented during the technical evaluation. a. Quality of Service: Satisfactory: → 1 to 8 marks (Minimum1-Maximum 8) b. Capability exhibited during the presentation: → 1 to 12 marks (Minimum1 - Maximum 12)		20	
7	Number of Chartered Accountant(s) (CAs) in the firm as Employee(s)/ Director(s)/ Promoter(s)/Partner(s) who would be deployed on this assignment [Please submit profile of each as stated above]. ✓ 2 or more → 5 Marks ✓ 1 → 2 Marks ✓ None → 0 Marks		5	
8	Number of DISA / CISA qualified in the firm as Employee(s)/ Director(s)/ Promoter(s)/Partner(s) who would be deployed on this assignment [Please submit profile of each as stated above]. ✓ 2 or more → 5 Marks ✓ 1 → 2 Marks ✓ None → 0 Marks		5	
10	Number of CFE / FAFD qualified in the firm as Employee(s)/ Director(s)/ Promoter(s)/Partner(s) who would be deployed on this assignment [Please submit profile of each as stated above]. ✓ 2 or more → 15 Marks ✓ 1 → 10 Marks ✓ None → 0 Marks		10	
11	Number of LLB qualified in the firm as Employee(s)/ Director(s)/ Promoter(s)/Partner(s) who would be deployed on this assignment [Please submit profile of each as stated above] ✓ 3 or more → 5 Marks ✓ 1-2 → 3 Marks ✓ None → 0 Marks		5	
12	Number of industry experts / project experts related to nature of activity of account in the firm as Employee(s)/ Director(s)/ Promoter(s)/Partner(s) who would be deployed on this assignment [Please submit profile of each as stated above] ✓ 3 or more → 5 Marks ✓ 1 - 2 → 3 Marks ✓ None → 0 Marks		5	
13	Whether the Forensic Audit applicant has an office/setup in the city of Bank Branch of the Account to be offered to Forensic Auditor ✓ Yes → 5 Marks ✓ No → 0 Marks		5	
	Total Marks*		100	

\*Minimum cut off for opening of Price Bid is 70% Marks; Below 70% the application would be rejected.

## **Declaration**

I/We declare that

- a. I/We or my /our associates concern has not been blacklisted by any Financial Institution / Other Organization /Any Government Department.
- b. I / We or my/our associates concern have not associated with the borrower firm M/s \_\_\_\_\_ as Debt Syndication or working as Lenders Independent Engineer or engaged for TEV of any project of the said firm.
- c. I/We or my /our associates concerns are not the consultant for the borrower firm in any capacity in the last three years.
- d. I/We have not audited the Balance Sheet of the firm or conducted Stock Audit of the borrower firm during last three years.
- e. I/We or my /our associates concern is not the Statutory Auditors of Union Bank of India.
- f. I/We are not the concurrent Auditor of \_\_\_\_\_ Branch of Union Bank of India where the account of the firm is maintained.
- g. I/We have properly read and understood the scope of work, coverage of activities & spread of business units of the borrower firm and deployment of our resources (onsite as well as offsite) during the terms of proposed assignment and accordingly we are submitting our financial bid separately in the prescribed format in an closed envelope.
- h. I/We am/are aware that the Bank reserves the right to blacklist the Agency (Forensic Auditor) if it finds that there is misreporting/non compliance of terms and conditions of the Bank as well as the information submitted in the Technical Bid at the time of bidding, on the part of the Forensic Auditor.
- i. We shall abide the Model Code of Conduct of the Bank for the proposed assignment.

I/We hereby confirm and declare that the information given herein above is true and correct to the best of my / our knowledge and belief.

I/We hereby express my/our interest to act as Forensic Auditor, if empanelled/ entrusted by the Bank in the Account \_\_\_\_\_.

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Signatures of Authorized Signatory\*/Partner(s)/Proprietor/Promoter

(\*Duly supported by authority letter from all/others including a board resolution if applicable)

Date:

Place:

## Appendix-5

<b>Financial Bid</b>
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<b>Name of the Firm:</b>
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<b>Financial Bid for the Account:</b>
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With reference to above, we wish to submit our request/application for appointment as Forensic Auditor in the account stated above and quote the following remuneration/compensation structure:

Sl. No.	Item	Amount
1	Professional fees* (For the tenure as mentioned above)	

\* Lump sum fee to be mentioned and not as a percentage of the value of account and no other cost or charges shall be payable. The payment will be made by the Bank after deducting applicable Taxes / TDS.

GST on all expenses/fee is to be paid by the bank and the fee quoted as above and would be exclusive of GST (The Professional fees would be considered exclusive of GST while evaluating the bids). We are aware that in case of allotment of account to us we have to submit the Forensic Audit Report within maximum period of 90 days from the date of allotment of account.

I/We understand that the final selection of FORENSIC AUDITOR shall be based on the **weighted average combined final scores** obtained in Technical Bid and Financial Bid. The weights to be assigned are 70% for Technical Bid and 30% for Financial Bid. The weighted average would then be calculated from the marks obtained in technical and financial bids as per the formula mentioned in the communication seeking submission of Bids.

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Signatures of Authorized Signatory/Partner(s)/Proprietor/Promoter

Date:

Place:

To,

Union Bank of India,

\_\_\_\_\_Branch/office

\_\_\_\_\_

Sir/Madam,

**Acknowledgement in case Financial Bid is Returned Unopened**

I/We acknowledge as Authorized Representative of \_\_\_\_\_ acknowledge receipt of the financial bid (Not Opened/Not Tiered/Not Tampered etc.) from Union Bank of India as I/We could not get successful in the technical bid of the Account \_\_\_\_\_.

\_\_\_\_\_  
Signatures of Authorized Signatory/Partner(s)/Proprietor/Promoter

## Appendix-7

<b>Final Assessment Sheet</b>
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Sl. No.	Parameters/Particulars	Score/Calculation/Details
1	Name of the FORENSIC AUDITOR Firm	
2	Name of the Account	
3	Technical Marks Obtained	
4	Technical Scores-(Technical Marks by this Agency/Highest Technical Marks amongst all Technically Successful <sup>#</sup> Bidders) *100	
5	Eligible Score-Technical (70% of Technical Score) - (A)	
6	Financial Score- (Lowest Bid/Bid by this Agency)*100	
7	Eligible Score-Financial (30% of Financial Score) - (B)	
8	Weighted average combined final scores (A)+(B)	

<sup>#</sup>Those who got 70% or more marks in technical evaluation.

Committee Member-1 \_\_\_\_\_  
(Signatures)

Committee Member-2 \_\_\_\_\_  
(Signatures)

Committee Member-3 \_\_\_\_\_  
(Signatures)

Committee Member-4 \_\_\_\_\_  
(Signatures)

## Appendix-8

### Summary of the Application Process for Engagement of FORENSIC AUDITOR in the following Account:

Name of the Applicant/FORENSIC AUDITOR	Eligible Technical Score (Weight 70%) - A	Eligible Financial Score (Weight 30%) - B	Final Score* A + B	Rank

**\* Weighted average combined final scores**

The Branch has obtained all the necessary supporting documents and has complied with the guidelines of the Policy on Forensic Audit 2020-21. As per the Assessment done above, the firm \_\_\_\_\_ is found to have scored the **highest weighted average combined final scores** and is approved for engagement as FORENSIC AUDITOR in the Account \_\_\_\_\_.

Committee 1 \_\_\_\_\_ (Signatures) Member-

Committee 2 \_\_\_\_\_ (Signatures) Member-

Committee 3 \_\_\_\_\_ (Signatures) Member-

Committee 4 \_\_\_\_\_ (Signatures) Member-

**NON - DISCLOSURE AGREEMENT**  
**(to be executed on required stamp paper as per respective state laws)**

This Non-Disclosure Agreement (hereinafter referred to as 'agreement') is made on this \_  
day                      of                      20\_\_\_\_\_,                      at  
\_\_\_\_\_ between \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Give name, constitution, father's / spouse name in case of individual, address of 'Forensic Auditor') (hereinafter referred to as 'Receiving Party' which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and assigns) of the FIRST PART;

**AND**

Union Bank of India, a body corporate constituted under Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, having its Head Central Office at 239, Union Bank Bhavan, Nariman Point, Mumbai - 400021 (hereinafter referred to as "Union Bank" / "Disclosing Party" which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and assigns) of the OTHER PART.

'Receiving Party' AND 'Union Bank' / 'Disclosing Party' are hereinafter collectively referred to as "the parties" and individually as "the party".

**WHEREAS**

Union Bank / Disclosing Party has agreed to empanel Receiving Party as Forensic Auditor. For the purpose of Forensic Audit which may be assigned by Union Bank / Disclosing Party to the Receiving Party, the Union Bank would need to disclose certain valuable confidential information to the Receiving Party. Therefore, in consideration of covenants and agreements contained herein for the mutual disclosure of confidential information to each other and non-disclosure thereof as provided herein after, and intending to be legally bound, the parties agree to terms & conditions as set out hereunder.

**NOW, THEREFORE, THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:**

1. **Confidential Information:** "Information" means all information disclosed/furnished by either of the parties to the other party in connection with and for the purpose of conducting Forensic Audit assigned by the Union Bank to Receiving Party. Confidential Information shall include any copy, abstract, extract, sample note, digital foot print, graphics or module thereof. For the purpose of this agreement the term disclosing party shall mean the party to this agreement disclosing the Confidential information and the term receiving party shall mean the party to this agreement to whom the confidential information is disclosed.

The Receiving Party shall use the Information solely for and in connection with the job assigned i.e. Forensic Audit.

Notwithstanding the foregoing, "Confidential Information" shall not include any information which the Receiving Party can show:

- a. is now or subsequently becomes legally and publicly available without breach of this Agreement by the Receiving Party,
- b. was rightfully in the possession of the Receiving Party without any obligation of confidentiality prior to receiving it from the Disclosing Party,
- c. was rightfully obtained by the Receiving Party from a source other than the Disclosing Party without any obligation of confidentiality,
- d. was developed by or for the Receiving Party independently and without reference to any Confidential Information or
- e. is disclosed pursuant to a law/regulation, an order of a Court or judicial , Governmental , supervisory or regulatory authority provided that the Receiving Party shall, unless prohibited by law or regulation, promptly notify the Disclosing Party of such circumstances of such disclosure and afford the Disclosing Party the opportunity to seek appropriate protective order relating to such disclosure.

**2. Non-Disclosure:** The Receiving Party shall not commercially use or disclose any Information or any materials derived there-from to any other person or entity other than persons in the direct employment of the Receiving Party who have a need to have access to and knowledge of the Information solely for the Purpose authorized above provided that any person to whom the confidential information is to be given pursuant to this agreement will be informed of its confidential nature and directed to treat the confidential information in accordance with the confidentiality.. The Receiving Party may disclose information to consultants only if the consultant has executed a Non-Disclosure Agreement with the Receiving Party that contains terms and conditions that are no less restrictive than these. The Receiving Party shall take appropriate measures by instructions and written agreement prior to disclosure to such employees or consultants to assure against unauthorized use or disclosure. The receiving party shall ensure that such employees/consultants are subject to confidentiality obligations to maintain the confidentiality of the information, no less restrictive than those of this agreement. The receiving party agrees to notify the Disclosing party immediately if it learns of any use or disclosure of the Disclosing party's information in violation of terms of this agreement.

**3. Publications:** The Receiving Party shall not make news releases, public announcements, give interviews, issue / publish advertisements / publicize in any other manner whatsoever in connection with this Agreement, the contents/provisions thereof, other information relating to this Agreement, the Purpose, the Information or other matter of this Agreement, without the prior written approval of other party.

**4. Title and Proprietary Rights:** Notwithstanding the disclosure of any information by the Disclosing Party to the Receiving Party, the Disclosing Party shall retain title and all Intellectual property and proprietary rights in the Information. No License under any trademark, patent or copyright or application for same which are now or thereafter



may be obtained by such Party is either granted or implied by the conveying of Information. The Receiving Party shall not conceal, alter, obliterate, mutilate, deface or otherwise interfere with any trade mark, trade mark notice, copyright notice, confidentiality notice or any notice of any other proprietary right of the Disclosing Party on any copy of the Information, and shall reproduce any such mark or notice on all copies of such Information. Likewise, the Receiving Party shall not add or emboss its own or any other mark, symbol or logo on such Confidential Information.

5. **Return of Information:** Upon expiration/termination/completion of assignment or cessation / written demand notice of the Disclosing Party, the Receiving Party shall (i) cease using the Information, (ii) return promptly all written, graphics, copies, abstract, extracts, samples, notes or modules ,all form of confidential information thereof to the Disclosing Party within seven (7) days after receipt of notice and/or delete or make inaccessible all electronic copies thereof provided however that they may , under information to disclosing party, retain its internal working copies and central IT archives in accordance with its organizational data policies and (iii) upon request of the Disclosing Party, certify in writing that the Receiving Party has complied with the obligations set forth in this paragraph.
6. **Remedies:** The Receiving Party acknowledges that if the Receiving Party fails to comply with any of its obligations hereunder, the Disclosing Party may suffer immediate irreparable harm for which monetary damages may not be adequate. The Receiving Party agrees, in addition to all other remedies provided at law or in equity, the Disclosing Party shall be entitled to injunctive relief hereunder. Disclosure of the confidential information of Union bank may cause irreparable loss, harm and damage. Accordingly the receiving party hereby undertakes to indemnify and hold Union bank harmless against any loss, action, expense, claim, damage of whatsoever nature suffered or sustained by Union bank/disclosing party pursuant to the breach by the receiving party, its persons or representatives of the provisions of this agreement and or any unauthorized use, publication or disclosure of any confidential information by any of Receiving party or its person/representatives.
7. **Entire Agreement, Amendment, Assignment:** This Agreement constitutes the entire Agreement between the Parties relating to the matters discussed herein and supersedes any and all prior oral discussions and/or written correspondence or agreements between the Parties. This agreement may be amended or modified only with the mutual written consent of the Parties. Neither this agreement nor any right granted hereunder shall be assignable or otherwise transferable.
8. **Governing Law:** The provisions of this Agreement shall be governed by the Laws of India and shall be subject to the exclusive jurisdiction of courts in .....(Mumbai).
9. **Term:** This Agreement shall be effective from the date hereof and shall continue till the expiration or termination of this agreement or on cessation of the business relationship between the disclosing party and receiving party.  
The obligation of the receiving party in relation to disclosures and confidentiality of the retained confidential information shall survive termination/cessation/expiration of this Agreement.

**10. General:** All Confidential Information is provided "as is". In no event shall the Disclosing Party be liable for the inaccuracy or incompleteness of the confidential Information. None of the confidential Information disclosed by the Parties constitutes any representation, warranty, assurance, guarantee or inducement by either party to the other with respect to the fitness of such information for any particular purpose or infringement of trademarks, patents, copy rights or any right of third persons.

**IN WITNESS WHEREOF**, the parties hereto have executed these present on the day, month and year first herein written below.

For and on behalf of

\_\_\_\_\_ (Receiving Party)

Signature:

Name:

Capacity:

Date:

Witnesses: 1.

2.

**For and on behalf of Union Bank of India**

Signature:

Name:

Designation:

Date:

Witnesses: 1.

2.

## **ADHERENCE TO MODEL CODE OF CONDUCT FOR FORENSIC AUDITOR**

All Forensic Auditor while taking up the assignment with the bank shall strictly adhere to the following code of conduct:

### **1. Integrity and Fairness**

- a. A Forensic Auditor shall, in the conduct of his/its business, follow high standards of integrity and fairness in all his/its dealings with his/its clients and other Forensic Auditor.
- b. A Forensic Auditor shall maintain integrity by being honest, straightforward, and forthright in all professional relationships.
- c. A Forensic Auditor shall endeavour to ensure that he/it provides true and adequate information and shall not misrepresent any facts or situations.
- d. A Forensic Auditor shall refrain from being involved in any action that would bring disrepute to the profession.
- e. A Forensic Auditor shall keep public interest foremost while delivering his services.

### **2. Professional Competence and Due Care**

- a. A Forensic Auditor shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.
- b. A Forensic Auditor shall carry out professional services in accordance with the relevant technical and professional standards that may be specified from time to time.
- c. A Forensic Auditor shall continuously maintain professional knowledge and skill to provide competent professional service based on up-to-date developments in practice, prevailing regulations/guidelines and techniques.
- d. In the preparation of a Forensic Audit report, the Forensic Auditor shall not disclaim liability for his/its expertise or deny his/its duty of care, except to the extent that the assumptions are based on statements of fact provided by the subject firm (ie. whose Forensic Audit is undertaken) or its auditors or consultants or information available in public domain and not generated by the Forensic Auditor.
- e. A Forensic Auditor shall not carry out any instruction of the subject firm in so far as they are incompatible with the requirements of integrity, objectivity and independence.

### **3. Independence and Disclosure of Interest**

- a. A Forensic Auditor shall act with objectivity in his/its professional dealings by ensuring that his/its decisions are made without the presence of any bias, conflict of interest, coercion, or undue influence of any party, whether directly connected to the assignment or not.
- b. A Forensic Auditor shall not take up an assignment if he/it or any of his/its relatives or associates is not independent in terms of association to the subject client.

- c. A Forensic Auditor shall maintain complete independence in his/its professional relationships and shall conduct the Forensic Audit independent of external influences.
- d. A Forensic Auditor shall wherever necessary disclose to the Bank, possible sources of conflicts of duties and interests, while providing unbiased services.
- e. A Forensic Auditor shall not indulge in “mandate snatching” or offering “convenience Forensic Audit” in order to cater to a client’s needs.

#### **4. Confidentiality**

- a. A Forensic Auditor shall not use or divulge to any other party any confidential information about the subject client for whom Forensic Audit is conducted , which has come to his/its knowledge without proper and specific authority or unless there is a legal or professional right or duty to disclose.

#### **5. Information Management**

- a. A Forensic Auditor shall ensure that he/ it maintains written contemporaneous records for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision. This shall be maintained so as to sufficiently enable a reasonable person to take a view on the appropriateness of his/its decisions and actions.
- b. A Forensic Auditor shall appear, co-operate and will provide all information and records in case of any need or legal or statutory or professional requirement.

#### **6. Gifts and hospitality:**

- a. A Forensic Auditor or his/its relative shall not accept gifts or hospitality which undermines or affects his independence as a Forensic Auditor.

*Explanation.*— For the purposes of this code the term ‘relative’ shall have the same meaning as defined in clause (77) of Section 2 of the Companies Act, 2013 (18 of 2013).

- b. A Forensic Auditor shall not offer gifts or hospitality or a financial or any other advantage to a public servant or any other person with a view to obtain or retain work for himself/ itself, or to obtain or retain an advantage in the conduct of profession for himself/ itself.

#### **7. Remuneration and Costs:**

- a. A Forensic Auditor shall provide services for remuneration which is charged in a transparent manner, is a reasonable reflection of the work necessarily and properly undertaken, and is not inconsistent with the applicable rules.
- b. A Forensic Auditor shall not accept any fees or charges other than those which are disclosed in a written contract with the person to whom he would be rendering service.

#### **8. Occupation, employability and restrictions.**

- a. A Forensic Auditor shall refrain from accepting too many assignments, if he/it is unlikely to be able to devote adequate time to each of his/ its assignments.
- b. A Forensic Auditor shall not conduct business which discredits the profession.

**Format of undertaking to be submitted by Forensic Auditor  
(all partners separately in case of Firm)**

I \_\_\_\_\_ son / daughter / wife of  
\_\_\_\_\_ R/o \_\_\_\_\_

\_\_\_\_\_ do hereby solemnly affirm and state that:

1. I am a citizen of India.
2. I have not been removed / dismissed from any service / employment earlier.
3. I have not been convicted of any offence and sentenced to a term of imprisonment.
4. I have not been found guilty of misconduct in professional capacity.
5. I am not an un-discharged insolvent.
6. I have not been convicted of an offence connected with any proceeding before any court of law in India.
7. My PAN card No \_\_\_\_\_.
8. GSTN No of firm , as applicable is \_\_\_\_\_.
9. I undertake to keep you informed of any events or happenings which would make me ineligible for empanelment as Forensic Auditor.
10. I have not concealed or suppressed any material information, facts and record and I have made a complete and full disclosure and all the information given in application to Bank for appointment as Forensic Auditors is true.
11. I will always adhere to the model code of conduct for Forensic Audit as given as part of the application to Bank for appointment as Forensic Auditors.
12. I am not related to any of the personnel working in the Bank in the Department / division dealing with audit work directly.

Dated:

\_\_\_\_\_

Signature:

Name:

**Sample Forensic Audit Report**  
(Indicative Structure of Forensic Report)

1. Index.

2. Overview.

3. Executive summary.

[Approach to be under taken for preparation of Executive summary

*(Preliminary Analysis*

- i. Review background information pertaining to the subject account / case.*
- ii. Identify key business processes/practices followed in conduct of business.*
- iii. Conduct preliminary review of financial statements and identify the technique/principle used in making the financial statement vis-à-vis the statutory/regulatory guidelines.)*

*(Financial statement analysis*

- iv. Identify significant expenses made both for revenue and capital expenditure.*
- v. Review major items in relation to loan utilization and asset creation.*
- vi. Perform various ratio analysis to identify possible anomalies/diversion of funds*
- vii. Review of stock / book debts statements submitted by the borrower).*

*(Bank statement analysis*

- viii. Analyze Bank Reconciliation Statements (BRS) for given period and review long outstanding items in same.*
- ix. Verify balances available in different bank accounts & attempt to trace movement funds.)*

*(Market Intelligence & Site Visit*

- x. Gather information on business operations & key allegations/sister concern/etc.*
- xi. Conduct intelligence around possible nexus between vendors, customers, employees and promoters.*
- xii. Perform background on promoters in public domain sources, social media to establish linkages, if any.)*

*(Asset tracing*

- xiii. Conduct domain search on properties owned by entities involved other than those already disclosed to banks.*
- xiv. Gathering intelligence on additional property owned, if any.*
- xv. Collect documentary evidence on ownership of the properties traced.)*

*(Other matter:*

- xvi. Modus Operandi of Fraud if any.*
- xvii. Nature of Fraud if any.*
- xviii. Quantum Involved.*
- xix. Internal/External Control and Lacuna.*
- xx. Corrective Action suggested in the Areas of Internal Control and external interface.*
- xxi. Determination of Total Quantum of Fraud and The Amount / Further Amount to be recovered from the Perpetrator.*
- xxii. Suggestions - Possible Steps / Legal Steps to be taken by the Appointing Authority.*
- xxiii. The Forensic Auditor must supply the requested information and provide sufficient evidence to argue the results in court, if needed.))]*

- i. Facts in brief.
- ii. Methodology in brief.
- iii. Findings in brief.
4. Background and Allegations
5. Detailed Methodology.
6. Main Report.
7. Detailed Time-line.
8. Scope reconciliation.
9. Detailed methodology- collection of evidence and implementation.
10. Procedure Performed.
11. Findings in detail-point wise finding and analysis
12. Limitations.
13. Disclaimers.
14. Glossary and Abbreviations.
15. Appendices and Exhibits.

*While presenting Forensic Audit report, Forensic Auditor has to consider following guiding principles while drafting a forensic report:*

- *The report should be understandable to the decision-makers and easy to read by the intended audience.*
- *The report should be unambiguous; language should be clear and should not be open to misrepresentation.*
- *References should be easily given to the relevant facts of the incident.*
- *The report should offer valid conclusions, opinions, and recommendations when needed.*
- *State the complete facts of the case including the names of the persons involved, amount involved, complete details of the issue.*
- *The details of the evidences essential to prove the entire issue has to be detailed.*
- *The choice of words and the usage of language should be simple. Avoid using technical/legal jargons or flowery language. The choice of word is crucial and has a legal impact.*
- *The observations should be supported with Annexure and other documentary legally admissible evidences as exhibits.*

**DECLARATION FROM FORENSIC AUDITOR**  
**(TO BE ATTACHED WITH EACH FORENSIC REPORT)**

I/We hereby declare that-

- a. The information furnished in my Forensic Audit report ref..... dated ----- is true and correct to the best of my knowledge and belief and I have made an impartial and fair investigation of account .....
- b. I have no direct or indirect interest in the subject account;
- c. I have not been convicted of any offence and sentenced to a term of Imprisonment;
- d. I have not been found guilty of misconduct in my professional capacity.
- e. I abide by the Model Code of Conduct for empanelment of Forensic Auditor in the Bank as enumerated in the application form for empanelment.
- f. I am the partner / authorized official of the firm / company, who is competent to sign this Forensic Audit report.
- g. Further, I hereby provide the following information.

SN	Particulars	Auditor comment
1	Background information of the case being subject to Forensic Audit;	
2	Purpose of Forensic Audit and appointing authority	
3	Identity of the auditor and any other experts involved in the Forensic Audit;	
4	Disclosure of auditor interest or conflict of interest , if any;	
5	Date of appointment, period of investigation and date of report;	
6	Inspections and/or investigations undertaken;	
7	Nature and sources of the information used or relied upon;	
8	Brief on Procedures/rules/principle adopted in carrying out the Forensic Audit.	
9	Restrictions on use of the report, if any;	
10	Major factors that were taken into account during the Forensic Audit;	
11	Caveats, limitations and disclaimers to the extent they explain or elucidate the limitations faced by auditor, which shall not be for the purpose of limiting his responsibility for the Forensic Audit report.	

Signature of the Authorized Person  
with seal

Name:

Designation:

Address: