

## PENALTY CLAUSES

## i. Penalty Clauses:

SN	Coverage Area	Scope of work expected from Service Provider /CA Firm	Quantum of Measurement	Penalty to be imposed (For Service Provider / CA Firm)
1.	Attendance at the Work Area.	Attending branch/unit on daily basis, by Representative of the <b>Service Provider / CA Firm</b> , and 2-3 times a week by the Partner of the Firm.	Days of Absence in a month in attending the branch/unit.  (i) by the representative of the <b>Service Provider / Firm</b> or  (ii) by the Partner of the Firm	Twice the proportionate remuneration of the month on a pro-rata basis for the days of absence.  <i>Eg.30 days in a month; Remuneration of Rs.45000/-p.m. with an absence of 2days: <b>Penalty</b> to be charged: Rs.3000x2= Rs.6000.</i>
2.	Detection of Income Leakage	On a day-to-day basis income leakage, if any detected, to be reported.	Non-detection/ non-reporting / short recovery of income leakage from the date it becomes due within a period of 2 weeks. The penalty to be levied is on account of opportunity loss for the Bank.	<b>For Non-detection/ non-reporting:</b> 1% of the amount, in the area of income Leakage not detected/ reported. i.e. (i) Processing Fee (ii) Upfront Fee  (iii) BG/LC Comm. (iv) Locker rent etc.,  (Overall cap for both not to exceed 20% of monthly remuneration).

				<p><i>Eg. Processing Fee of Rs. 1 lac. is identified by an Auditor other than CA. after 2 weeks of its becoming due. Penalty will be Rs.1000 for one instance.</i></p> <p><i>If such instances are more, then overall cap of 20% of remuneration i.e.Rs.9000 (20% of 45000) to be charged.</i></p>
3.	Detection of Major lacunae in the conduct of the account, systems & procedures etc.,	Timely detection of major lacunae.	Non detection of major lacunae as enumerated in the CRM Value Statements of WBCAS.	Rs.250/- per major lacunae in an account with a maximum penalty of 5% of monthly remuneration.
4.	Failure to comment on Frauds, which may cause loss to the Bank.	Detection/ Reporting of Fraud.	Non detection/ not reporting of Fraud arising on account of failure in implementation of systems & procedures and security lapses.	10% of monthly remuneration per instance, with a cap of 25% of monthly remuneration.
5.	Detailed Scrutiny of Accounts and submission of observations.	Detailed Scrutiny of Accounts within a reasonable time and submission of observations online on a daily basis.	Detailed scrutiny of accounts by commenting as per Value Statements mentioned in WBCAS, if not done:	Rs.250/ per account with an overall cap of 5% of the monthly remuneration.

			<i>Eg. All accounts within 3 months and thereafter once, at the time of renewal/ review/ new sanction;</i>	
6.	Submission of Monthly / Qly. Concurrent Audit Reports (Annexure-V, VI& VII as available in SBleTHIC) to the BM/ Head of the Unit/AGM (Audit)/ GM(NW) etc. a	Monthly Reports to be submitted within a week of the succeeding month to the BM/Head of the Unit. Thereafter, with their remarks to RM/DGM (BO) within 2 <sup>nd</sup> week of the succeeding month of report.	Non submission as per schedule.	<p><b>Non-Submission:</b> 10% of Audit Fee p.m.</p> <p><b>Non submission by over 3 months:</b> Termination of the Contract giving one month's notice.</p> <p><b>Delayed Submission:</b> Rs.250/ per day till submission.</p> <p>(With an overall cap of 10% of monthly remuneration p.m.)</p>
7.	Unacceptable delay in the performance of obligations.	Should be done in accordance with the time schedule specified in the Agreement.	<p>Identified areas of deficiency in performance:</p> <p>(i) Partner's not attending branch/ unit 2-3 times a week;</p> <p>(ii) Non-deputation of representative every day;</p> <p>(iii) Non-submission of Reports;</p> <p>(iv) Non-detection of Income leakage</p>	Termination of Contract, by giving a month's notice, as per Service Level Agreement (SLA).

			in time, resulting in opportunity loss; &  (v) Non-detection/reporting of Frauds.  (vi) Poor Quality of Reports.	
8	Overall Performance of the Concurrent Auditor	Should adhere to the Bank's instructions while performing Audit duties and function in accordance with the Concurrent Audit Policy and manual.	Nodal Officers from the ZIOs and RFIA Auditors perform surprise checks by visiting the Concurrent Audit Branches / CPCs / special outfits once in a Half Year and verify the performance of Concurrent Auditors by selecting some sample Accounts. Based on the reports by the visiting officials I&MA/ZIO will rate the CAs.	If the performance of the Concurrent Auditor is rated "Average" or "Below Average" for TWO consecutive Half Years, the Contract Agreement shall be reviewed/ reconsidered, and Contract may also be terminated as per the terms and conditions in the SLA. RBI / IBA / ICAI will also be advised in this regard.

## ii. Penalty Clauses for CCV Audit:

SNo.	Deviation	Penalty
i.	For Not conducting Currency Chest Verification, inputting the data and recording observations in WBCAS for one week.	25% of the professional fee payable for one instance, from the total payable during the month.
ii.	For delayed verification of Currency Chests, inputting the data and recording observations in WBCAS beyond two working days after the reporting Friday,	25% of the professional fee payable for instance, from the total payable during the month
iii.	If the Concurrent Auditor (CCV) does not verify and report consecutively for two weeks	his services may be terminated immediately.

### iii. Penalty Clauses for RACCs under Cluster Approach:

The penalty clauses mentioned in 12 (i) are applicable to RACCs, as RACCs are Credit CPCs on par with RACPC / RASMECC / SMECC. Besides the penalty clauses mentioned in 12 (i), the RACCs under Cluster Approach are as under:

S.No.	Deviation	Penalty
i.	If two RACCs are allotted to CA Firm under Cluster Approach and not visited at least two days for each RACC in a week.	Twice the proportionate remuneration of the month on a pro-rata basis for the days of absence. Eg. 30 days in a month; remuneration of Rs.50000/- (Rs.45000/- + Rs.5000/-) with an absence of two days : Penalty to be charged: Rs. 3333*2 days = Rs.6666/-
ii.	If three RACCs are allotted to CA Firm under Cluster Approach and not visited at least one day for each RACC in a week.	Twice the proportionate remuneration of the month on a pro-rata basis for the days of absence. Eg. 30 days in a month; remuneration of Rs.55000/- (Rs.45000/- + Rs.5000/- +Rs.5000/-) with an absence of one day : Penalty to be charged: Rs. 3667*1 day = Rs.3667/-