To,

The Branch Manager

Name Of the Bank,

Name Of the Branch,

Address Of the Branch

Dear Sir,

Sub: **Audit Engagement letter in case of the Branch Statutory Audit & Branch Tax Audit of (Name Of Bank)**

**(Name Of the Branch) for the period --------------------**

I/We refer to the letter No. ……………. dated …….received from ………………………………….(Name of the relevant

authority) informing me/us about my/our appointment to carry out the statutory audit of the (name of the

branch) branches of your Bank for the financial year beginning April 1, 20XX and ending 31st March 20YY, including Tax Audit, issuance of the **Long Form Audit Report** and, as a part of the audit, verification and/ or certification of certain specific aspects pertaining to these branches, as listed in your aforementioned letter.

We have communicated our acceptance to your Head office vide our letter reference ……. Dated…. to confirm our acceptance and our understanding of this engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements. We will conduct our audit in accordance with the auditing standards generally accepted in India and with the requirements of the Banking Regulation Act 1949 and other applicable statutes.

Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

However, having regard to the test nature of an audit, persuasive rather than conclusive nature of audit evidence together with inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements of financial statements, resulting from fraud, and to a lesser extent error, if either exists, may remain undetected.

In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which might come to our notice.

**You are aware that the responsibility for the preparation of the financial statements including adequate disclosure is that of the Management, and this includes the maintenance of adequate accounting records and internal controls, the selection and consistent application of appropriate accounting policies, including implementation of applicable accounting standards along with proper explanation relating to any material departures from those accounting standards. The management is also responsible for making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Branch at the end of the financial year and of the profit or loss of the Branch for that period, and the safeguard of the assets of the Bank/branch.**

Our tax audit report in Form No. 3CA along with Statement of Particulars in Form No. 3CD of the Income Tax Rules, 1962 shall be issued on the basis of the books of account and explanations given to us by you on various issues relevant to the tax audit.

Our Long For Audit Report along with Statement of Particulars and annexures attached thereto shall be issued on the basis of the books of account produced before us and information and explanations given to us by you on various relevant issues and on the basis of audit carried out by us and our comments in the various reports will be based on our opinion relating to the applicable law, wherever relevant.

We shall not be liable for any unfavourable impact upon any tax proceedings, arising from anything contained in or omitted from the tax audit report.

We also wish to invite your attention to the fact that our audit process is subject to `peer review’ under the Chartered Accountants Act, 1949 and the reviewer may examine our working papers during the course of such review.

We wish to complete some audit procedures even prior to the year-end, depending on your state of readiness/response.

In view of the severe time constraints imposed, we are confident you will make available to us, within the dates stipulated, the following Branch returns/statements ***duly completed, pre- reviewed and duly authenticated****,* to enable us to furnish our reports in the form and manner desired of us by law or by the Reserve Bank of India and not necessarily in the form and manner prescribed by the Bank.

**To enable us to monitor the progress of the audit and completion of the assignment, please indicate/mention, the actual date(s) of completion as well as handing over to us of each statement/return/ confirmation or other information required to be prepared by you (as per the contents of the letter of appointment sent to us), by your endorsement on each such statement/return/confirmation,** before the same (duly authenticated) are handed over to us at our arrival to branch.

**We await your commitment.**

As part of the audit process, we will expect to receive from the Management, written confirmation of the representations made to us and a **written response (para-wise), to** **our requirements is imperative, and such response is to be based on your verification of facts.**

Our fees will be billed on completion of assignment as per directions stated in the appointment letter. Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial statements.

We shall be grateful if you could confirm the name(s) of the Officer(s) designated by the Branch to comply with our requirements in connection with the audit, so that our reports are expedited.

We shall appreciate your co-operation in the matter.

Thanking you,

Yours faithfully,

**For S M Gupta & CO.**

**CHARTERED ACCOUNTANTS**

**CA SAGAR MAL GUPTA**