

Bank's Policy, approved by Board for appointment of Statutory Central Auditors (SCAs) and Statutory Branch Auditors (SBAs) from the year 2009-10.

STATUTORY CENTRAL AUDITORS (SCAs)

The following criteria prescribed by RBI has been adopted as Bank's policy for selection / appointment of Statutory Central Auditors of our Bank from the year 2009-10 onwards and also Bank shall comply with the other procedural guidelines prescribed by RBI from time to time.

As on 1st January of the relative year the firm should have :

1. minimum 7 full time chartered accountants, of which at least 5 should be full time partners exclusively associated with the firm. Out of which one each should have continuous association with the firm for atleast 15 years and 10 years, two with a minimum of 5 years each and one with a minimum of one year. Four partners should be FCAs and two should have minimum of 15 and 10 years of experience in practice.
2. the number of professional staff consisting of audit and articled clerks engaged in audit should be 18.
3. the firm should have a standing of 15 years.
4. the firm should have 15 years of statutory audit experience in public sector banks or private sector bank with deposits not less than Rs.500 crore.
5. the firm should have 5 years of audit experience in PSUs (central or state Govt. undertaking).
6. atleast one partner of the firm or its paid Chartered Accountant must possess CISA / ISA or any other equivalent qualification.

Few other procedural guidelines are as under :

1. The existing minimum eligibility / empanelment norms to remain the same.
2. The number of SCAs to be appointed shall be determined as per the existing system based on the size of the balance sheet.
3. The practice of appointing one Statutory audit firm to one PSB shall continue.
4. Bank will select suitable SCAs from the list provided by RBI/C&AG – as the case may be, and after obtaining the consent of the audit firms in writing for consideration of appointment as SCAs, would recommend their names to RBI with the approval of respective ACB / Board of Directors before actual appointment. The consent given by an audit firm shall be treated as irrevocable.
5. Bank will clearly advise the audit firms selected for consideration of appointment that one audit firm can take up audit assignment in one PSB only.

6. The existing tenure of 3 years of continuous Statutory Central Audit shall continue with compulsory rest of at least 2 years.

To evaluate stature of Auditors, the level of contribution / value addition that can be expected from them, the extent to which they fulfil the RBI norms stipulated above and the advantage of their place of office at various geographical regions, and to select the SCAs from out of the list to be provided by RBI / C & AG, a committee consisting of GM (Credit), GM (Treasury), GM (Inspection) and GM(Accounts) under the chairmanship of Executive Director has been constituted. The selected list of SCAs will be placed to ACB and upon approval forwarded to RBI for their final approval.

STATUTORY BRANCH AUDITORS (SBAs)

As per the existing practice, RBI is providing a list of auditors according to grade I, II, III & IV and SBAs are appointed in compliance with the following guidelines:

1. no auditor will be allotted more than 3 branches irrespective of the size of the branch
2. a branch will be allotted to an auditor if he has not audited the same branch for in any one of the past 3 years
3. bank shall ensure that the continuing auditors are considered first for allotment of branch audit.
4. local auditors are preferred for branch audit and given preference category-wise. In case local auditors are not available, auditor from nearby district/states are selected for audit.

Guidelines issued by RBI from time to time also shall apply.

The Bank would shortlist the SBAs from the list of continuing auditors and new auditors received from RBI / ICAI as the case may be and allotment shall be made by the committee comprising of AGM (Accounts), DGM (Treasury), DGM (Credit) and placed to GM (IED) for approval.

Irrevocable consent letter shall be requested from the selected list of SBAs within 3 days from the date of receipt of our communication by the SBAs and in case of non-receipt of reply from them, it shall be deemed that they are not interested.

After receipt of consent letter from SBAs and RBI's approval for the list of such selected SBAs, GM (Accounts) shall issue appointment letter to the SBAs.