

## A. Policy for Appointment of Statutory Central Auditors

### I) Number of Audit Firms

As per RBI guidelines, the number of audit firms to be appointed as SCAs is determined on the basis of the balance sheet size (assets and liabilities put together) as at the end of the previous financial year detailed as under:

Total Liabilities & Assets	No. of SCAs required
Up to Rs.50,000 crore	4
Above Rs.50,000 crore and up to Rs. 1 lakh crore	5
Above Rs. 1 lakh crore	6

### II) Eligible Audit Firms

#### For year 2009-10:

The list of eligible audit firms will be provided by RBI containing the names of Audit Firms equal to twice the number of vacancies for SCAs.

#### For Year 2010-11 and Onwards:

Bank will obtain the names of eligible audit firms directly from the office of C&AG as per norms of empanelment for Statutory Central Auditors of the Bank stipulated by RBI is as under:-

#### 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. These partners should have minimum continuous association with the firm i.e. one each should have continuous association with the firm at least for 15 years and 10 years, two with a minimum of 5 years each and one with a minimum of one year. Four of the partners should be FCAs. Also at least two of the partners should have minimum 15 and 10 years experience in practice. In case the paid Chartered Accountant available with the firm without any break was admitted as a partner of the said firm at a future date, his association with the firm as a partner will be counted from the date of his joining the firm as a paid Chartered Accountant.
2.	the number of professional staff (excluding typists, stenographers, computer operators, secretary/ies and sub-ordinate staff etc.) consisting of audit and articled clerks with the knowledge in book-keeping and accountancy and are engaged in outdoor audit should be 18.
3.	the standing of the firm should be of atleast 15 years which would be reckoned from the date of availability of one full time FCA continuously with the firm.
4.	the firm should have minimum statutory central audit experience of 15 years of public sector banks (before or after nationalization ) and / or by way of statutory

	branch audit thereof or that of statutory audit experience of a private sector bank with deposits resources of not less than Rs. 500 crore. In case any of the partner of an audit firm is nominated/ elected for a period of at least 3 years or more on the Board of any public sector bank then his/her such experience for a maximum period of three years will be considered as bank audit experience, provided such experience has not been earned by him/ her concurrently i.e. when his / her firm was assigned statutory audit of any PSB, select all India financial Institutions or RBI.
5.	the firm should have statutory audit experience of 5 years of the public sector undertakings (either Central or State Government undertaking). While calculating such experience, more than one assignment given to a firm during a particular year or more than one year's statutory audit (audits in arrears) assigned to the firm will be reckoned, as one year experience only, for the purpose of counting such experience.
6.	at least one partner of the firm or its paid Chartered Accountant must possess CISA/ ISA or any other equivalent qualification.

### III) **Procedure for selection of Audit Firms for SCA**

A committee consisting of Departmental Head and two other officials of H.O Accounts & Audit Department will select the name(s) of the audit firm(s), which will be recommended to RBI after taking approval of ACB/ Board. The following criteria will be adopted in selection of the name of Audit Firm for Statutory Central Auditors:

- a) The main office of the firm to be preferably in or around the Head Office of the Bank or from area where Bank has concentration of branches / business so as to keep a close liaison & keep the expenditure on TA/DA at minimum level,
- b) Sufficient manpower is available with the firm to carry out the audit at more than one place at a time and
- c) Discreet enquiries about the credentials of the audit firm will be made informally to maintain the secrecy as desired by RBI.

### IV) **Irrevocable consent**

Irrevocable consent is to be obtained from the Audit Firm in writing for consideration of appointment in our bank for the particular year and for the subsequent continuing years. The consent given by an audit firm will be treated as irrevocable and request, if any, from audit firms for changing the bank, after having given its consent is not to be entertained.

V) **Tenure**

SCA Firm will have tenure of three years.

VI) **Number of assignment**

One Audit Firm can take up audit assignment in one Public Sector Bank only

VII) **Number of branches to be audited by each SCA**

Bank will allot the top 20 branches in terms of advances outstanding in such a manner as to cover a minimum of 15% of total gross advances of the bank by SCAs subject to maximum of 5 branches to individual SCA.

VIII) **Relinquish the Internal assignments, if any**

At the time of appointment of an audit firm as Statutory Central Auditors of the bank, all the internal assignments in our bank, if any, will stand withdrawn, in the event of acceptance of the appointment as Statutory Central Auditor of the Bank.

## **B. Policy for Appointment of Statutory Branch Auditors**

I) **Eligible Audit Firms**

**For year 2009-10:**

The list of eligible audit firms will be provided by RBI

**For Year 2010-11 and Onwards:**

Bank will obtain the names of eligible audit firms directly from the Institute of Chartered Accountants of India for selecting the audit firms for Branch Audit.

II) **Procedure for selection of Audit Firms for Branch Audit**

A committee consisting of Departmental Head and two other officials of H.O Accounts & Audit Department will select the names of the audit firms for Branch Audit. While selecting the names of Audit Firms, the following criteria will be considered:

- a) The office of the Audit Firm to be preferably in or around the branches to be audited so as to keep close liaison & keep the expenditure on TA/DA at minimum level. In case local auditors are not available, auditors from the nearby districts within the State/ adjoining States/ other States will be considered.
- b) There should be a suitable mix of various categories of auditors / audit firms keeping in view the size of the branches to be audited.

III) **Irrevocable consent**

Irrevocable consent to be obtained from the Audit Firm in writing for consideration of appointment in our bank for the particular year and for the

subsequent continuing years. The consent given by an audit firm will be treated as irrevocable and request, if any, from audit firms for changing the bank, after having given its consent is not to be entertained.

**IV) Tenure**

SBA Firm will have tenure of four years.

**V) Number of assignment**

One Audit firm can take up audit assignment in one Public Sector Bank only

**VI) Allocation of branches**

- i) No distinction will be made between the continuing auditors and the fresh auditors.
- ii) Bank will allot branches, to the extent possible, to the audit firms taking consideration their category of the firm.
- iii) Local auditors will be preferred for branch audit. Among local auditors preference will be given category wise. In case local auditors are not available, auditors from the nearby districts within the State/adjoining States/other States will be considered for audit.
- iv) Bank will give assignment to all the auditors approved/considered for appointment.

**VII) Maximum Number of branches to be audited**

Not more than three (3) branches (irrespective of the size) will be allotted to each of the branch auditors.

**VIII) Relinquish the Internal assignments, if any**

At the time of appointment of an audit firm as Statutory Branch Auditor of the bank for the current year, all the internal assignments in our bank, if any, will stand withdrawn, in the event of acceptance of the appointment as Statutory Auditor of the Bank.

**IX) Redressal of grievances**

General Manager (Accounts) will dispose off grievances/ complaints (if any) with regard to the selection of Statutory Central Auditors or Statutory Branch Auditors.