

## Policy for Appointment of Statutory Auditors

<b>A.</b>	<b>Appointment of Statutory Central Auditors</b>
I)	<b>Number of Audit Firms</b>
	As per the extant norms prescribed by the Reserve Bank of India on appointment of number of SCAs, our bank shall have not more than 4 Statutory Central Auditors.
II)	<b>Eligible Audit Firms</b>
	The List of eligible Audit firms will be provided by Reserve Bank of India. The selected audit firms must confirm to the eligibility criteria prescribed by RBI from time to time.
III).	<b>Eligibility Criteria</b>
	<ol style="list-style-type: none"> <li>i. The audit firm shall have a minimum 7 full time chartered accountants, of which at least 5 should be full time partners exclusively associated with the firm. The remaining 2 could be either exclusive partners or CA employees with a continuous association with the firm for a period of one year. 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.)</li> <li>ii. The number of professional staff (excluding typists, stenographers, computer operators, secretary/ies and sub-ordinate staff etc.), consisting of audit and article clerks with the knowledge in book-keeping and accountancy and are engaged in outdoor audit should be minimum 18.</li> <li>iii. The standing of the firm should be of at least 15 years which would be reckoned from the date of availability of one full time FCA continuously with the firm.</li> <li>iv. 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 Public Sector Bank, select all India financial Institutions or RBI.)</li> <li>v. 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.)</li> </ol>

	vi. At least two partners of the firm or its paid Chartered Accountants must possess CISA / ISA qualification.
IV)	<b>Procedure for selection of Audit Firms for SCA</b>
	<p>a) The cooling off period after completing the term of three years as SCA will be of three years.</p> <p>b) The appointment of SCAs will be made on an annual basis, subject to their fulfilling the eligibility norms prescribed by RBI from time to time and also subject to their suitability.</p> <p>c) The audit firms applying for empanelment as SCAs will be required to give an undertaking that, in case of selection in Punjab &amp; Sind Bank, they would give up the existing assignment, if any, in Private Banks/Foreign Banks/RBI/Financial Institutions such as National Housing Bank, EXIM Bank etc. and they cannot refuse appointment once selected.</p> <p>d) The allotment of vacancies of SCA's shall be in the ratio of 60:40 between 'Experienced ' and 'New' audit firms. As regards ratio of 60:40, banks will round the number to the nearest round number and choose auditors from the 'Experienced' and 'New' firm list. For this purpose, an 'Experienced' firm is one which has a Statutory Central Audit experience of any of the Public Sector Banks and 'New Firm' is one who does not have such experience.</p> <p>e) A committee consisting of General Manager in charge of HO Accounts &amp; Audit Department and minimum two other General Managers will be formed. In case sufficient General Managers are not available, the committee may contain two General Managers and two Deputy General Managers. The aforesaid committee will be formed with the approval of MD &amp; CEO and in his absence ED. The committee will shortlist the name of the audit firms. While short listing names of Audit Firms/ the committee will take into consideration the following points:</p> <ol style="list-style-type: none"> <li>i. To the extent possible, at least two audit firms having their Head Office from the same place where the Bank's HO/CO is located, to be selected</li> <li>ii. Audit firms are not selected, if they have retired from Punjab &amp; Sind Bank (after completing the full term) before going under rest.</li> <li>iii. The firm whose partners are on the Board of Punjab &amp; Sind Bank are not appointed as auditors.</li> <li>iv. If any partner of a Chartered Accountant firm is a non-official director in any PSB, no partner of the same firm be appointed as Statutory Central Auditor of any PSB.</li> <li>v. An audit firm is eligible to be appointed as a Central/ Branch auditor of only one Public Sector Bank during a particular year.</li> <li>vi. Audit firm(s) selected by Punjab &amp; Sind Bank after obtaining consent in writing from the audit firm will be debarred for a period of 3 years for selection if the firm refuses to accept the appointment without a reasonable ground, that is ground not to the satisfaction of RBI.</li> <li>vii. Sufficient manpower is available with the firm to carry out the audit at more than one place at a time</li> <li>viii. Discreet enquiries about the credentials of the audit firm to be made informally to maintain the secrecy as desired by RBI.</li> </ol> <p>f) Bank will obtain the willingness in writing from the shortlisted audit firms to accept</p>

	<p>the assignment of Statutory Central Audit work.</p> <p>g) The list of shortlisted audit firms will be placed before ACB. The ACB will approve adequate number of audit firms in order of preference. The number of audit firms approved should be adequate enough to take care of the situation where some firms may not give consent.</p> <p>h) Irrevocable consent is to be obtained from the Audit Firm in writing strictly in order of preference for consideration of appointment in the 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.</p> <p>i) After taking irrevocable consent from the audit firms, bank shall forward their name along with continuing audit firms to RBI for its prior approval before their actual appointment.</p>
IV)	<b>Tenure</b>
	SCA Firm will have tenure of three years or such period as advised by RBI.
V)	<b>Number of branches to be audited by each SCA</b>
	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 each Audit Firm. The fees payable to SCAs will be as per RBI guidelines and same will be shared by them equally.
VI)	<b>Relinquish the Internal assignments, if any</b>
	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>B.</b>	<b>Appointment of Statutory Branch Auditors</b>
I)	<b>Eligible Audit Firms</b>
	The List of eligible Audit firms will be provided by the Reserve Bank of India. The Audit firms, whose partner/s are on the Board of Punjab & Sind Bank will not be appointed as auditors.)
II)	<b>Procedure for selection of Audit Firms for Branch Audit</b>
	<p>A committee consisting of General Manager (Accounts), Departmental Head and another official of H.O Accounts &amp; Audit Department will shortlist the names of the audit firms for Branch Audit. While short listing the names of Audit Firms, the following criteria will be considered:</p> <p>a) The office of the Audit Firm to be preferably in or around the branches to be audited so as to keep close liaison &amp; 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.</p> <p>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.</p> <p>The list of firms selected for appointment as statutory branch auditors will be placed before ACB/Board for its concurrence before it is forwarded to RBI for final approval</p>
III)	<b>Offer for Appointment</b>
	<p>i. The offer(s) for appointment to the Audit firm(s) shall be given through e mail and</p> <p>ii. Sufficient time will be given to the Audit Firms to accept the offer of appointment as Statutory Branch Auditors.</p>
IV)	<b>Irrevocable consent</b>
	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)	<b>Tenure</b>
	SBA Firm will have tenure of four years or such period as advised by RBI.
VI)	<b>Number of assignment</b>
	One Audit firm can take up audit assignment in one Public Sector Bank only.
VII)	<b>Allocation of branches</b>
	i) No distinction will be made between the continuing auditors and the fresh

	<p>auditors.</p> <p>ii) Bank will allot branches, to the extent possible, to the audit firms taking consideration of the category of the firm.</p> <p>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.</p> <p>iv) Bank will give assignment to all the auditors approved/considered for appointment.</p>
VIII)	<b>Maximum Number of branches to be audited</b>
	Not more than three (3) branches (irrespective of the size) will be allotted to each of the branch auditors.
IX)	<b>Relinquish the Internal assignments, if any</b>
	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.

<b>C.</b>	<b>Redressal of Grievances</b>
	Executive Director will dispose off grievances/ complaints (if any) with regard to the selection of Statutory Central Auditors or Statutory Branch Auditors.
<b>D.</b>	<b>RBI Guidelines</b>
	Guidelines issued by RBI from time to time in connection with Statutory Auditors shall prevail over and above the provisions of the “Policy for Appointment of Statutory Auditors”