"Policy for Selection and appointment of Statutory Central Auditors (SCAs) and Statutory Branch Auditors (SBAs) of Bank- F.Y. 2026-27"

Appointment of Statutory Central Auditors (SCAs) is being done on the basis of guidelines issued by Government of India (GOI)/ Reserve Bank of India (RBI) from time to time.

Our Policy on appointment of Statutory Auditors is based on the guidelines issued by Govt. of India and Reserve Bank of India and is subject to changes, if any, made by GOI and/or RBI from time to time.

SELECTION AND APPOINTMENT OF STATUTORY CENTRAL AUDITORS (SCAs): -

Govt. of India vide their letter No. F No. 1/14/2004-BOA dated 25/11/2014 issued by Ministry of Finance, Department of Financial Services, the appointment of Statutory Central Auditors (SCAs) in Public Sector Banks (PSBs) had been revisited. The power of selection and appointment of SCAs had been delegated to individual PSBs from the year 2014-15 and onwards. Reserve Bank of India provides criteria for selecting SCAs to PSBs, keeping in view the policy parameters in this regard from time to time. The recent guidelines for appointment of Statutory Central Auditors issued by RBI vide Ref. RBI/DoS/2026-27/414 DoS.CO.ARG.8/08.91.001/2026-27 dated July 31, 2026.

I. Number of Audit Firms

The banks with asset size of ₹15,000 crores and above as at the end of previous year, shall ensure to get their statutory audit conducted under joint audit by a minimum of two audit firms. For the purpose of these Directions, asset size means total assets. The bank shall ensure that the joint auditors of the bank do not have any common partners and they are not under the same network of audit firms as defined in Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014. Further, the bank shall finalise the work allocation among SCAs / SAs, before the commencement of the statutory audit, in consultation with their SCAs / SAs.

In terms of Reserve Bank of India revised guideline dated 31st July 2026, Banks are required to appoint maximum no of Statutory Central Auditor based on Asset size as under:

SN	Asset Size	Maximum no of SCAs
1	Upto Rs 5,00,000 crore	4
2	Above Rs 5,00,000 crore and upto Rs 10,00,000 crore	6

3	Above Rs 10,00,000 crore and upto Rs 20,00,000 crore	8
4	Above Rs 20,00,000 crore	12

As per the above-mentioned RBI circular dated 31st July 2026, The Board of the Bank is empowered to decide the number of SCAs to be appointed subject to the above maximum number. Our Bank having assets size of less than 5 lakh crore is eligible to appoint maximum 4 number of Statutory Central Auditors.

The above limits have been prescribed to ensure that the number of SCAs / SAs appointed by the banks are adequate, commensurate with the asset size and extent of operations of the banks, with a view to ensure that audits are conducted in a timely and effective manner.

At present, we have four audit firms as Statutory Central Auditors of our Bank and All the four firms have completed their tenure of three years in June 2026, therefore maximum four number of vacancies is created as per extant guidelines of Reserve Bank of India.

II. Eligibility of Audit Firms

In accordance with RBI guidelines, Bank is required to appoint Statutory Central Audit firms fulfilling the criteria mentioned hereunder which is based on asset size of Bank. Since our Bank is having asset size of above Rs 15000 cr, Our Statutory Central Auditors should fulfil following minimum criteria:

SN	Eligibility Criteria	Requirement
1	Minimum no of Full-time partners (FTPs) associated with the firm for a period of at least three years	5 (Note A)
2	Out of Total full-time partners, minimum no of fellow Chartered Account (FCA) partners associated with the firm for a period of at least three years	4
3	Minimum No of fulltime Partners/Paid CAs with CISA/ISA qualification	2 (Note B)
4	Minimum No of years of Audit Experience of the firm	15 (Note C)

5	Minimum no of Professional Staff	18 (Note D)

Note A:

a. For Partner to be classified as Full-Time partner at least one-year continuous association with the firms as on date of empanelment is mandatory.

b. Minimum 2 partners of the firm should have continuous association with the firm for at least 10 years.

c. Full-time partner's association with the firm would mean exclusive association. The definition of 'exclusive association' will be based on the following criteria:

- The full-time partner should not be a partner in other firm/s.
- She/He should not be employed full time / part time elsewhere.
- She/He should not be practicing in her/his own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.
- the income of the partner from the firm/LLP should not be below the threshold limits prescribed by the Office of C&AG for the purpose of consideration as full-time partners for appointment as auditors of Public Sector Undertakings.

Note B:

Certified Information Systems Auditor (CISA) / Information Systems Audit (ISA) Qualification:

There shall be at least one-year continuous association of Paid CAs with CISA / ISA qualification with the firm as on the date of empanelment (for PSBs) / shortlisting (for other banks) for considering them as Paid CAs with CISA / ISA qualification for the purpose.

Note C:

- Audit experience shall mean experience of the audit firm as Statutory Central / Branch Auditor of Commercial Banks, Small Finance Banks, Payment Banks, Local Area Banks or AIFIs. In case of merger and demerger of audit firms, merger effect will be given after two years of merger while demerger shall be affected immediately for this purpose.

Note D:

- Professional staff includes audit and article clerks with knowledge of book-keeping and accountancy and who are engaged in on-site audits but excludes typists/stenos/computer operators/ secretaries/subordinate staff, etc. There should be at least one-year continuous association of professional staff with the firm as on the date of empanelment for considering them as professional staff for the purpose.

III. Additional Consideration

- The audit firm, proposed to be appointed as SCAs should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.
- The audit firm should not be under debarment by any Government Agency, National Financial Reporting Authority (NFRA), the Institute of Chartered Accountants of India (ICAI), RBI or Other Financial Regulators.
- Bank shall ensure that appointment of SCAs/SAs is in line with the ICAI's Code of Ethics/any other such standards adopted and does not give rise to any conflict of interest.
- If any partner of a Chartered Accountant firm is a director in any Public Sector Bank (PSB), the said firm shall not be appointed as SCA of any PSB. Further, if any partner of an audit firm is a director in any bank, the said firm shall not be appointed as SCAs / SAs of any of the group entities of that bank.
- The auditors should preferably have capability and experience in deploying Computer Assisted Audit Tools and Techniques (CAATTs) and Generalized Audit Software (GAS), commensurate with the degree/ complexity of computer environment of the Entities where the accounting and business data reside in order to achieve audit objectives.

IV. Allotment of Branches to Statutory Central Auditor

PSB shall allot the top 20 branches (to be selected strictly in order of the level of outstanding advances) to SCAs in such a manner as to cover a minimum of 15 per cent of the total gross advances of the bank by SCAs. Before approaching RBI for approval to treat any of the branches earlier selected for audit as unaudited subsequently, PSBs should consult their SCAs and obtain their written concurrence for such exclusion from audit. While seeking prior approval from the RBI, the bank shall state in its letter that the concurrence of the SCAs has been obtained.

Bank will allot top 20 branches to Statutory Central Auditors for Half yearly/Quarterly review of accounts as per extant RBI guidelines.

V. Compliance with basic eligibility criteria

In case any audit firm (after appointment) does not comply with any of the eligibility norms (on account of resignation, death etc. of any of the partners, employees, action by Government Agencies, NFRA, ICAI, RBI, other Financial Regulators, etc.), it may promptly approach to the Bank with full details.

Further, the audit firm shall take all necessary steps to become eligible within a reasonable time and in any case, the audit firm should be complying with the above norms before commencement of Annual Statutory Audit for Financial Year ending 31st March and till the completion of annual audit.

In case of any extraordinary circumstance after the commencement of audit, like death of one or more partners, employees, etc., which makes the firm ineligible with respect to any of the eligibility norms, RBI will have the discretion to allow the concerned audit firm to complete the audit, as a special case.

VI. Procedure for Appointment of SCAs

1. The bank shall obtain prior approval of DoS, RBI for appointment / reappointment of SCAs / SAs, on an annual basis in terms of the above-mentioned statutory provisions. For the purpose, the bank shall apply to DoS, RBI before 31st July of the reference year and the PSBs shall approach RBI within one month of receipt of list of eligible audit firms from RBI. For the purpose, all Commercial Banks in India shall approach the Central Office of RBI (Department of Supervision).

2. For Bank, the Office of CAG will continue to empanel audit firms eligible for appointment as SCAs based on the norms prescribed by RBI, as on January 1 of the relevant year. The list of firms as furnished by the Office of CAG to RBI will be subjected to scrutiny by RBI for identifying the eligible firms and excluding audit firms who have been denied audit by the CAG / RBI. RBI shall forward a single list of all audit firms eligible for appointment as SCAs to all PSBs on an annual basis. The audit firms in list shall not be ranked in any order and all audit firms shall be eligible for selection by all PSBs.

3. The list of firms as furnished by C&AG to RBI will be subjected to scrutiny by RBI for identifying the eligible firms and excluding audit firms who have been denied audit by C&AG/RBI. RBI will forward a single list of all audit firms eligible for appointment as SCAs to all PSBs on an annual basis. Bank shall shortlist audit firms from the said list of eligible audit firms as received from RBI, based on certain objective criteria as laid down in the bank's policy for appointment of statutory auditors. Further, Bank shall place the list of shortlisted firms, in order of preference, before the ACB for selection of SCAs in a transparent manner. Upon selection of SCAs Bank in consultation with ACB and verifying their compliance with the eligibility norms prescribed by RBI, the PSBs shall seek RBI's prior approval for appointment of SCAs.

4. Bank will shortlist minimum of 2 audit firms for every vacancy of SCAs so that even if firm at first preference is found to be ineligible/refuses appointment, the firm at second preference can be appointed and the process of appointment of SCAs does not get delayed. However, in case of reappointment of SCAs by banks till completion of tenure of continuous term of 3 years, there would not be any requirement of shortlisting and sending names of multiple audit firms to RBI while seeking approval to appointment.

5. The name of shortlisted audit firms shall be placed, in order of preference, before the ACB for selection as SCAs / SAs. Upon selection of SCAs / SAs by the bank in consultation with their ACB and verifying their compliance with the eligibility norms prescribed by RBI, the bank shall seek RBI's prior approval for appointment of SCAs / SAs.
6. The Bank shall obtain a certificate, along with relevant information as per **Form B** (Enclosed), from the audit firm(s) proposed to be appointed as SCAs by the Bank to the effect that the audit firm(s) complies with all the eligibility norms prescribed by RBI for the purpose. Such certificate should be signed by the main partner/s of the audit firm proposed for appointment of SCAs of the Entities, under the seal of the said audit firm.

7. Bank shall verify the compliance of audit firm(s) to the eligibility norms prescribed by RBI for the purpose and after being satisfied of their eligibility, recommend the names along with a certificate, in the format as per **Form C** (Enclosed), stating that the audit firm(s) proposed to be appointed as SCA by them comply with all eligibility norms prescribed by RBI for the purpose.

8. Bank while approaching to RBI for prior approval for appointment of SCAs will indicate total asset size as on March 31st of the previous year (audited

figures) and forward a copy of Board/ACB Resolution recommending names of audit firms for appointment as SCAs in the order of preference and also furnish information as per **Form B** and **Form C** as mentioned above.

9. Preference may be given to audit firms, who have satisfactory performance /experience as SCAs/SBAs/PSUs/Listed enterprise, certification like CISA/DISA, approached Bank for appointment as SCAs in our Bank.

10. Committee Approach- Depending upon the vacancies, a selection committee comprising of GM Risk Management/CRO, GM/in charge International Department, GM/In charge Audit & Inspection Department and GM Credit monitoring Departmentshall be formed for shortlisting / selection of SCAs. Senior most GM amongst the members shall be the Head of this Committee. AGM/DGM Finance Department shall be the convenor of the committee. This committee may fix additional criteria as may deemed fit apart from the basic selection criteria as enumerated in the RBI circular. After considering the same, this Committee will identify the proposed SCAs and recommend the names to the Audit Committee of the Board.

11. Committee will shortlist 2 audit firms for every vacancy of SCA(s)(In case of new appointment only) . The Shortlisted firm names, in order of preference, shall be placed before ACBs for selection of SCAs. Upon selection of SCA(s) by Bank in consultation with ACB and verifying their compliance with eligibility norms prescribed by RBI, Bank shall seek RBI's prior approval for appointment as SCA(s).

12. On receipt of list from RBI and based on number of vacancies of the Bank, Finance Department will shortlist audit firms based on eligibility criteria of RBI, Bank objective criteria like Experience/satisfactory performance in PSBs/PSUs/Listed Companies, Locations of Audit firm, Audit firms showing willingness for being appointed as SCAs in the Bank etc. Finance Department will prepare list of firms for each vacancy and place before Committee for their consideration.

13. Finance Department shall ensure that shortlisted firms meet the RBI eligibility criteria and necessary certificate/Consent letter is obtained from shortlisted firms before placing to ACB.

14. In accordance with RBI guidelines, Bank will submit list of Audit firms for appointment as SCAs in the Bank to RBI, within one month from the date of receipt of letter from RBI.

15. Upon receipt of approval of SCAs firm from RBI, the same shall be placed before ACB for their information.

VII. Independence of Auditors

I. Audit Committee of the Board (ACB) shall monitor and assess the independence of the auditors and conflict of interest position in terms of relevant regulatory provisions, standards and best practices. Any concerns in this regard may be flagged by the ACB to the Board of Directors and concerned Senior Supervisory Manager (SSM).

II. In case of any concern with the management of the bank such as non-availability of information / non-cooperation by the management, which may hamper the audit process, the SCAs / SAs shall approach the Board / ACB / LM of the bank, under intimation to the concerned SSM of RBI. The SCAs / SAs shall directly approach the Board only when the bank does not have an ACB or when they notice a matter of concern involving any member of the ACB.

III. Concurrent auditors of the Bank will not be considered for appointment as SCAs. The audit of the Bank and any entity with large exposure to the Bank for the same reference year should also be explicitly factored in while assessing independence of the auditor.

IV. The time gap between any non-audit works (services mentioned at Section 144 of Companies Act, 2013, Internal assignments, special assignments, etc.) by the SCAs for the Entities or any audit/non-audit works for its group entities should be at least one year, before or after its appointment as SCAs. However, during the tenure as SCA, an audit firm may provide such services to the Bank which may not normally result in a conflict of interest, and Bank will take own decision in this regard, in consultation with the Board/ACB. A conflict of interest would not normally arise in the case of following special assignments (indicative list):

(1) Tax audit, tax representation and advice on taxation matters.

(2) Audit of interim financial statements.

(3) Certificates required to be issued by the SCA / SA in compliance with statutory or regulatory requirements.

(4) Reporting on financial information or segments thereof.

V. The restrictions as detailed in para III and IV above, should also apply to an audit firm under the same network of audit firms or any other audit firm having common partners, as defined in Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

VIII. Professional Standards of SCAs

ACB shall review the performance of SCAs on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the SCAs or any other matter considered as relevant shall be reported to RBI within two months from completion of the annual audit. Such reports will be sent with the approval/recommendation of the ACB with the full details of the audit firm.

The SCAs / SAs shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence.

In the event of lapses in carrying out audit assignments resulting in misstatement of Bank financial statements and any violations/lapses vis-à-vis the RBI's directions/guidelines regarding the role and responsibilities of the SCAs in relation to Bank, the SCAs would be liable to be dealt with suitably under the relevant statutory/regulatory framework.

IX. Tenure and Rotation

In order to protect the independence of the auditors, Bank will appoint the SCAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. The audit firms which have already completed tenure of one year or two years with any bank may be permitted to complete the balance tenure only, i.e., two years and one year, respectively, if they fulfil the eligibility norms on an annual basis.

Further, the Bank can remove the audit firms during the above period only with the prior approval of the DoS, RBI, as applicable for prior approval for appointment, as mentioned at Paragraph 32(1) of these Directions. The Board of Directors of the Bank will be the competent authority to recommend removal of any SCA to RBI.

Upon completion of the prescribed tenure of three years of the SCA / SA and until appointment of the incoming SCAs / SAs for the relevant financial year, the outgoing SCAs / SAs of the bank may continue for the Limited Review of financial statements for ensuing quarter(s), in accordance with the provisions of this Direction and the applicable statutory requirements.

An audit firm would not be eligible for re-appointment in the Bank for six years (two tenures) after completion of full or part of one term of the audit tenure. However, audit firms can continue to undertake statutory audit of other entities. In case an audit firm has conducted audit of any bank for part-tenure (one year or two years) and then not appointed for remainder tenure, then also it shall not be eligible for reappointment in the same bank for six years from completion of part-tenure.

One audit firm can concurrently take up statutory audit of a maximum of four Small Finance Banks, Payment Banks, Commercial Banks and Local Area Banks (but not more than one PSB or one AIFI or RBI), eight UCBs, eight NBFCs and five SCBs / CCBs (including not more than one SCB) during a particular year, subject to compliance with required eligibility criteria and other conditions for each bank and within overall ceiling prescribed by any other statutes or rules. For clarity, the limits prescribed for UCBs exclude audit of other co-operative societies by the same audit firm. These limits are applicable in respect of audit of all RBI regulated entities, irrespective of the asset size.

For the purpose of this circular, a group of audit firms having common partners and/or under the same network, will be considered as one entity and they will be considered for allotment of SCA/SA accordingly. Shared/Sub-contracted audit by any other/associate audit firm under the same network of audit firms is not permissible. The incoming audit firm shall not be eligible if such audit firm is associated with the outgoing auditor or audit firm under the same network of audit firms.

X. Tax Audit:

The tax audit shall be done centrally at head office either by the SCAs or any other independent CA firm (RBI category-I) to be appointed specifically for this purpose. Fees for tax audit shall be fixed on basis of negotiation with CA firms.

XI. Long Form Audit Report (LFAR):

A. Procedure and Timelines

The bank shall ensure timely receipt of Long Form Audit Report (LFAR) from the SCAs / SAs and SBAs.

The LFAR of the bank, after due examination, shall be placed before the ACB, indicating the action taken / proposed to be taken for rectification of the irregularities, if any, mentioned therein.

The bank shall forward a copy of the LFAR (i.e., for the bank / all Indian offices of the foreign bank as a whole) along with the related agenda notes and the Board's views or directions, to the concerned SSM, DoS, RBI, within 60 days from the date of submission of the same by the SCA/ SA.

B. Long Form Audit Report by the Statutory Central Auditors

B.1 Objectives, Strategy, Scope, and Coverage

The overall objective of the LFAR should be to identify and assess the gaps and vulnerable areas in the business operations, risk management, compliance and the efficacy of internal audit and provide an independent opinion on the same to the Board of the bank and provide the observations of SCAs.

This may also involve commenting on various risks to which the bank is exposed to such as credit, market, operational and liquidity risk and risk management efficacy, assessment of appropriateness of procedures for preparation of supervisory returns, Know Your Customer (KYC) / Anti-Money Laundering (AML) / Combating Financing of Terrorism (CFT) issues, cyber security, business performance, business strategy including very high growth / high return on equity (ROE) accompanied with high risks.

Some of the matters to be dealt with by the SCAs in their LFARs will be based on the LFARs received from the SBAs. In dealing with such matters, the SCAs should exercise their own judgement to make their observations based on review of LFARs from SBAs.

While deciding their audit strategy, the SCAs shall factor-in all material issues which are considered critical by looking at the size and complexity of the business operations, business strategy / models, internal controls including the control culture of the bank, structure, and complexity of the IT systems, etc.

However, if the SCAs feel a need for some material additions in the scope, this shall be done by giving specific justification and with the prior intimation to the ACB of the bank.

SCAs may resort to need based limited transaction testing.

In deciding whether a qualification in the main report is necessary, the SCAs should use their judgement based on the available evidence / facts and circumstances of each case. The bank is expected to measure and monitor the accuracy of data and to develop appropriate escalation channels and action plans to rectify any deterioration in data quality.

B.2 Indicative Coverage

B.2.1 Credit Risk Areas

Loan Policy: The observations should broadly cover the sufficiency and effectiveness of the loan policy along with the compliance to instructions issued by RBI in areas like exposure norms, interest rates, statutory and other restrictions, among others. Other aspects relating to updation of the policy, system of monitoring and adherence thereto should also be commented upon. The observations should also comprise business model / business strategy as per the policy as against the actual business / income flow of the bank.

Credit Assessment: Whether the credit assessment process is sufficiently placed to capture the risk as also the adequacy of information / data available with the bank. The quick mortality cases should be closely examined.

Sanctioning / Disbursement: Policy relating to delegation of powers at various levels, appropriateness of checks and balances, adherence to authorised limits, disbursal after complying with terms and conditions of disbursal should be examined.

Documentation: The entire process, including the system of ensuring execution as per the terms of sanction, system of documentation in respect of joint / consortium advances, availability of relevant documents to ensure creation of charge in favour of the bank when required, renewal of documents, should be examined. Defects observed along with compliance to RBI guidelines / bank's internal policy should also be examined.

Review / Monitoring / Post Sanction Follow-up / Supervision: Extent of coverage and effectiveness of credit monitoring system covering both on balance sheet and off-balance sheet exposures, along with the quality of reporting both within the bank and outside agencies such as Central Repository of Information on Large Credits, Credit Information Companies should be examined along with adherence to RBI instructions / bank's own policy. Special focus should be given on functioning and effectiveness of system of identifying and reporting of Red Flagged Accounts, Early-Warning System (EWS), receipt of periodic balance confirmation / acknowledgement of debts, stock / book debt statements, balance-sheet, audited-accounts etc. System of scrutiny of the above information and follow-up by the bank should also be examined to identify process gaps. System of periodic physical verification or inspection of stocks, equipment, machinery, other securities and review / renewal of advances including enhancement of limits, overall monitoring of advances through maturity / aging analysis should also be examined and suitably factored-in.

Restructuring / Resolution of Stressed Accounts: Comments on deviations observed in restructured accounts / stressed accounts under resolution with reference to Internal / RBI guidelines should be provided. Special emphasis should be given on the stance of the bank with respect to resolution of stressed accounts, specially covering compliance to regulatory guidelines, formulation of Board approved policies including timelines for resolution, the manner in which decisions are taken during review period, Board approved policies regarding recovery, compromise settlements, exit from exposure through sale of stressed assets, mechanism of deciding whether a concession granted to a borrower should be treated as restructuring or not, implementation of resolution in accordance with the laid down conditions, among others.

Asset Quality: Special emphasis should be given on continuous monitoring of classification of accounts into Standard, Special Mention Account, Sub-standard, Doubtful or loss as per Income Recognition, Asset Classification and Provisioning norms by the system, without manual intervention, correct recognition of income, and adequacy of provision thereof. Effectiveness of the system for compiling data relating to Non-Performing Assets (NPAs) and their provisions, data integrity, system of suspension of charging of interest and adherence thereto, should be examined and commented upon. Deviations observed, if any, should be provided along with examples. Further, comments be provided on the procedure followed by the bank in upgradation of NPAs, updation of the value of securities with reference to RBI regulations and compliance by the bank with divergences observed during earlier RBI Inspection(s) with examples of deviations, if any.

Recovery Policy: The existence and effectiveness of recovery policy, along with regular updates, manner of appropriation of recovery, instances wherein the appropriation was not as per the recovery policy be examined and commented upon. Instances observed / reported, wherein the instructions of controlling authority related to legal action for recovery or recalling of advances is not acted upon, system of compromise settlements, system of monitoring accounts under Insolvency and Bankruptcy Code 2016 (IBC), write-off, should be specifically commented. In respect of compromise settlement, special emphasis should be given to the systems and processes relating to cases of recovery of ₹1 crore and above and also the cases wherein limit of sacrifice laid down in the recovery policy is breached. The auditors should verify the list of accounts where insolvency proceedings had been initiated under IBC but subsequently was taken out of insolvency under Section 12A of the IBC. The auditors should satisfy themselves regarding the reasons of the creditors, especially the bank concerned, to agree to exiting the insolvency resolution process, and may comment upon deficiencies observed, if any.

Large Advances: Comments on significant adverse features in top 50 standard large advances and the accounts which need management's attention should be provided. In respect of other advances, the process needs to be checked and commented upon, based on a sample testing.

Audit Reports: Major adverse features observed in the reports of all audits / inspections, internal or external, carried out at credit department during the financial year should be suitably incorporated in the LFAR, if found persisting.

Recovery Records: Recovery from all the written-off accounts during the financial year should be examined and commented upon.

Wilful Defaulter: System of identifying and reporting of wilful defaulter should be examined and commented upon.

B.2.2 Market Risk Areas

Investments including Derivatives: The focus should be on the merit of investment policy and adherence to RBI guidelines. Any deviations to the RBI directions, and guidelines issued by Fixed Income Money Market and Derivatives Association of India / Financial Benchmarks India Private Limited / Foreign Exchange Dealers' Association of India should be suitably highlighted. Special focus should be given on system of purchase and sale of investments, delegation of powers, reporting systems, segregation of back, middle and front office functions, efficacy of control over investments, including periodic verification / reconciliation of investments with book records, valuation mode, changes in mode of valuation, system relating to inter-bank call money operations, system relating to unquoted investments in the portfolio, system of audit including periodic verification / verification of investment activities / portfolios, policies and systems for monitoring activities such as underwriting, derivatives, etc., among others. With respect to RBI directions, special focus should be given on compliance to exposure norms, classification of investments into Held to Maturity (HTM) / Available for Sale (AFS) / Fair Value through Profit and Loss (FVTPL) category and inter-category shifting of securities, compliance to valuation, asset classification and provisioning norms, along with deviation from accounting and disclosure norms, among others. Comments should also be made on the composition of investment portfolio as per RBI guidelines and the depreciations on investments, if not provided for. System of recording of income from investments, income accrued and due but not received, monitoring of mature investments and their timely encashment etc. should be examined and commented. The auditor shall also comment upon the veracity of liquidity characteristics of different investments in the books, as claimed by the bank in different regulatory / statutory statements. The internal control system, including all audits and inspections, IT and software being used by the bank for investment operations should be examined in detail.

Statutory Liquidity Ratio (SLR) / Cash Reserve Ratio (CRR) Requirements: Any discrepancies in the process of compilation and calculation of Net Demand and Time Liabilities (NDTL) by the bank should be highlighted in LFAR. It should be specifically commented whether the bank has complied with SLR / CRR requirements, with the instances of non-compliance, thereof.

Asset Liability Management: Existence of Policy on Asset-Liability Management and monitoring thereof, along with compliance with RBI guidelines and functioning of Asset Liability Management Committee should be examined.

B.2.3 Governance, Assurance Functions and Operational Risk Areas

Governance and Assurance Functions: Observations on governance, policy and implementation of business strategy and its adequacy vis-à-vis the risk appetite statement of the bank, effectiveness of assurance functions (risk management, compliance, and internal audit) should be examined and suitably incorporated in the LFAR. Adequacy of risk-awareness, risk-taking and risk-management, risk, and compliance culture per se, compliance testing, including the sustenance of the compliance, as also system of branch inspection, frequency, scope / coverage of inspection / internal audit, concurrent audit or revenue audit should also be examined along with the system of follow-up of these reports, position of compliance, corrective action taken by the bank among others.

Balancing of Books / Reconciliation of Control and Subsidiary Records: Special focus should be given on the system of control for internal accounts along with effectiveness of the system of monitoring the position of balancing of books / reconciliation of control and subsidiary records, with details of books not balanced, if any. The item wise details of system generated transitory accounts not nullified at the year-end should be given separately with ageing of such items.

Inter-Branch Reconciliation: The effectiveness of the system of inter-branch / inter-office reconciliation with respect to each type of entries, along with sufficiency of audit trail should be examined and commented upon. Age-wise analysis of unreconciled entries for each type of entry covered under inter-branch reconciliation, as on balance sheet date along with subsequent clearance, thereof, if any, should be provided. Any unusual entries observed in the reconciliation process, along with procedure for auto and forced matching of entries, should be commented. Compliance with RBI guidelines with respect to provisioning for old outstanding entries, should be factored in the observations.

Frauds / Vigilance: Appropriateness of fraud risk management system and processes for early detection, timely reporting to RBI, investigation of frauds as also adequacy of provisioning with respect to reported frauds and deviations observed in compliance with directions issued by RBI should be examined and commented upon. Age-wise analysis of the cases / complaints investigated / under investigation of Vigilance Department along with observations on major frauds discovered during the year under audit should be provided. Special focus should be given on the potential risk areas which might lead to perpetuation of fraud (e.g. falsification of accounts / false representation by the borrower; misappropriation of funds especially through related party / shell company transactions; forgery and fabrication of financial documents like invoices, debtor lists, stock statements, trade credit documents, shipping bills, work orders and encumbrance certificates to avail credit; use of current accounts outside consortium where Trust and Retention Account (TRA) is maintained to divert funds; list of debtors / creditors were being fabricated and receivables were not followed up / write off of debt of related parties; fake export / shipping bill ; over-statement of invoice amounts, stock statements, shipping bills, turnover; fly by night operations including the cases where vendors, related / associate parties, manufacturing units etc., are not available on the registered addresses; round tripping of funds, etc.).

Suspense Accounts, Sundry Deposits, etc.: System of clearance of items debited / credited to suspense / sundry accounts should be examined with the focus on audit trail, along with age-wise analysis of un-cleared entries of suspense accounts, sundry deposits, etc. as on balance sheet date along with subsequent clearance, thereof, if any. Any unusual entries observed in suspense accounts, sundry deposits etc. should be specifically commented. An examination of inactive / inoperative accounts may also be carried out, as it is a fraud prone area. It should also be examined whether the bank has made adequate provision with respect to un-cleared entries in suspense accounts, sundry deposits, etc. as per RBI guidelines and to the satisfaction of the auditor.

Know Your Customer (KYC) / Anti-Money Laundering (AML): It should be examined whether the bank has duly updated and approved KYC and AML policies in synchronization with RBI directions and whether the said policies are effectively implemented by the bank. Assessment of the effectiveness of provisions for preventing money laundering and terrorist financing may be provided for.

Cash and Other Security Items: System of monitoring of cash at branches, and management of cash through currency chest operations, including adequacy of insurance cover, system, and procedure for physical custody of cash, systems and controls for procurement, issue, and custody of valued stationary items such as Cheque Books, Demand Drafts, Pay Orders, Gold Coins etc., should be examined.

Para-Banking Activities: It should be examined whether the bank has effective internal control system with respect to para-banking activities undertaken by it. A list of para-banking activities undertaken by the bank should be provided.

Management Information System (MIS): Existence and adequacy of MIS, method of compilation and accuracy of information, appropriateness of procedures for preparation of supervisory returns and their reliability under the Off-Site Surveillance System of RBI, reliability of information flow for the internal risk management system should be commented. Additionally, comments should also be provided on whether the bank has effective system of preparation and consolidation of branch returns and financial statements.

Any Other Comments relating to People, Process and System Risks: Any other concerns relating to people, process and system risks may be commented upon.

B.2.4 Capital Adequacy

Capital Adequacy Certificate: A copy of the capital adequacy certificate should be provided along with comments as to whether the bank has effective system of calculation of capital adequacy as per the directions of RBI. Any concerns which are considered material relating to the bank's solvency and capital may be commented upon.

Internal Capital Adequacy Assessment Process (ICAAP) Document: Comments should be provided on whether stress test is done as per RBI stress test Guidelines; whether assumptions made in the document are realistic, encompassing all relevant risks; and whether bank strategy is aligned with its Board approved Risk Appetite Statements.

B.2.5 Going Concern and Liquidity Risk Assessment

Going Concern Assessment: The auditor should comment whether the going concern basis of preparation of financial statements is appropriate; and auditor's evaluation of the bank's assessment of its ability to continue to meet its obligations for the foreseeable future (for at least 12 months after the date of the financial statements) with reasonable assurance for the same. Any material uncertainties relating to going concern should be disclosed.

Profitability: Analysis of variation in major items of income and expenditure compared to previous year should be carried out along with important ratios such as Return on Assets (RoA), Return on Equity (RoE), etc.

Liquidity Assessment: As a part of assessment of the bank on going concern basis, the auditor should also consider the robustness of the bank's liquidity risk management systems and controls for managing liquidity, any external indicators that reveal liquidity or funding concerns, the availability of short-term liquidity support and compliance with norms relating to Liquidity Coverage Ratio (LCR) and Net Stability Funding Ratio (NSFR) among others.

B.2.6 Information Systems

Robustness of Information Technology (IT) Systems: Auditors should comment on the robustness of IT systems covering all the software used by the bank along with functions thereof, inter-linkage / interface between different IT Systems, Automated Teller Machine (ATM) network and its security, payment system products and services among others. It should be examined whether the software used by the bank were subjected to Information System (IS) Audit, Application function testing and any other audit mandated by RBI. Adequacy of IS Audit, migration audit (as and where applicable) and any other audit relating to IT and cyber security system and bank's compliance to the findings of those audits should be commented upon.

IT Security and Information Security Policy: Auditors should comment whether the bank has duly updated and approved IT Security and Information Security Policy and whether the bank has complied with RBI advisory / directives relating to IS environment / cyber security, issued from time-to-time.

Critical Systems / Processes: It should be examined whether there is an effective system of inter-linkage including seamless flow of data under Straight Through Process (STP) amongst various software / packages deployed. Special emphasis should be placed on outsourced activities and bank's control over them, including bank's own internal policy for outsourced activities.

B.2.7 Other Matters

Comments on the following should also be provided:

(1) Accounting policies including changes in accounting policies made during the period.
(2) Adequacy of provisions made for statutory liabilities such as Income Tax, Gratuity, Pension, Provident Fund, etc.
(3) Adequacy of provisions made for off-balance sheet exposures and other claims against the bank.
(4) Balances with other banks - observations on outstanding items in reconciliation statements.
(5) Procedure for revaluation of NOSTRO accounts and outstanding forward exchange contracts.
(6) System related to compliance with Depositor Education and Awareness Fund (DEAF) norms.
(7) Compliance mechanism with regard to recommendations of specific committees appointed by RBI such as Ghosh, Jilani, Mitra, etc.
(8) Working of subsidiaries / associates / joint ventures of the bank.
(9) Reporting system to the holding bank.
(10) Major losses of the subsidiary, if any.

(11) Business conduct including customer service by the bank describing instances, if any, of wrong debit of charges from customer accounts, mis-selling, ineffective complaint disposal mechanism, etc.

(12) Any other matter, which the auditor considers should be brought to the notice of the management.

C. Long Form Audit Report by the Statutory Branch Auditors

SBAs shall submit the LFAR to the SCAs of the bank. The overall objective of the audit of bank branch should be to have transaction testing and provide inputs to the SCAs on adequacy of implementation of various policy and regulatory requirements, including efficacy of the system and assurance functions (risk management, compliance, and internal audit) at branch level.

The threshold fixed for different purposes for comments in the LFAR will decide that above the threshold, the transaction detailing needs to be seen and commented upon. However, below the threshold, the system and processes should be checked and commented upon.

Verification of data integrity and data related control systems and processes should be carried out and commented upon, with the special thrust on those data inputs which are to be used for MIS at corporate office level and for supervisory reporting purposes.

Indicative Format / Coverage in the LFAR by the SBAs is enclosed as Annex III. Additional Questionnaire applicable to Specialised Branches is enclosed as Annex IV. The questionnaire contains questions, which are relevant to the specialised branches dealing in foreign exchange transactions, branches having very large advances, recovery of NPA and clearing house operations, if any. Auditors of foreign branches of Indian banks should also furnish this report. In the case of foreign branches, reference to RBI should be construed to include RBI, as well as the relevant regulating authority of the foreign country where the branch is located. LFAR for Large / Irregular / Critical Advance Accounts which is to be obtained by the SBAs from branches dealing in large advances / asset recovery branches is enclosed as Annex V.

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SELECTION AND APPOINTMENT OF STATUTORY BRANCH AUDITORS (SBAs): -

As per RBI guidelines, Bank shall have Board approved policy for appointment of Statutory Branch Auditors and Bank shall also disclose on their website the extent of business coverage under statutory branch audit for the respective year and the previous year with effect from FY 2023-24 and onwards.

As per RBI guidelines dated 06th March 2023, from FY 2023-24 and onwards, the PSBs have been given the discretion to determine business coverage under Statutory Branch Audit, as per their Board approved policy, after considering bank-specific aspects relating to business and financial risk.

Further for FY 2023-24 and onwards RBI has given general permission to Public Sector Banks (PSBs) for appointment/reappointment of SBAs, that means RBI will not accords prior approval for appointment of SBAs of PSBs.

As per RBI guidelines, The Board of the Bank shall lay down a policy for engagement of SBAs covering their eligibility criteria, appointment, re-appointment, removal, business coverage and selection of branches for Statutory Branch Audit. The policy, inter-alia, should consider bank-specific characteristic, degree of centralization of processes, need to address fraud risk and credit risk, adverse reports from in ternal/concurrent auditors, whistle blower complaints and unusual pattern/activity shown by internal MIS reports.

I. Eligible Audit Firms:

The list of eligible firms for appointment of Statutory Branch Auditors (SBAs) will be forwarded by RBI. However, the Bank will be guided by the eligibility norms specified in Annex 1A of RBI letter DOS.CO.ARG/S8213/08.91.001/2022-23 dated 06th March 2023. RBI will provide two list of Auditors one containing name of continuing Auditors and other will contain name of Audit firms who are eligible for appointment.

II. Methodology for Selection of Branches:

- Statutory branch audit of the Bank should be carried out so as to cover a minimum of 75% of all funded and 75% of all non-funded credit exposures of the bank.

Audit Coverage (in % of credit exposure)	
Guidelines for FY 2026-27	Minimum coverage of 75% of all funded and 75% of all non-funded credit exposure of the Bank.

Note :- In case any revision in % of coverage is directed/suggested by IBA/RBI in future bank shall abide by same.

- The selection of branches for statutory audit shall include a representative cross section of rural/semi-urban/urban and metropolitan branches including branches which are not subjected to concurrent audit within a minimum of 75% of all funded and 75% of all non-funded credit exposures of the bank.
- RLH/SME/Agri/Integrated hubs which have separate sol ids would be included for Branch Audit. (RLH/SME/Agri hubs which don't have separate sol ids, they are generally working as separate department in zonal offices and already Included In the annual audit of zonal offices by central statutory auditors every year).
- Centralized hubs like service branches and CPPC Nagpur would be included for branch audit.
- Category B Branches, AMB (Asset Management Branches) would be included for Branch Audit.
- Branches having fraud detected and reported during the FY 2026-27 by Fraud Management Cell, Risk Management Department
- High risk Branches /Special report Branches identified by the Audit & Inspection Department.
- Up to 20% of the Branches will be covered which were not under Statutory Branch Audit in the last past 5 years within a minimum of 75% of all funded and 75% of all non-funded credit exposures of the bank.
- In respect of branches which are subject to concurrent audit by chartered accountants and not selected for Branch Audit, LFARs and other

certifications done by the concurrent auditors, shall be consolidated and submitted by the bank to Statutory Central Auditors.

III. Procedure for selection of Audit Firms & eligibility criteria for Branch Audit:

a. The Bank will select the names of the audit firms for Branch Audit from the list of eligible audit firms forwarded by the RBI. While selecting the names of Audit Firms, firms will be done taking into consideration of their category, location and the size of Branches selected for Audit to the extent possible.

b. The names of firms selected from non-continuing list together with the names of continuing Branch Auditors will be reported to RBI (through AAS) along with details of allocation of branches thereof by uploading in RBI AAS applications.

c. The actual selection of Branches as well as the allocation of SBAs will be done as per the Board approved methodology and approved by the Audit Committee of the Board (ACB).

d. The Audit entity satisfies all criteria laid down in section 141 of the Companies Act,2013.

e. The Audit entity or any of its partners have not been barred from exercising duties as auditor by any regulatory body including the RBI, SEBI, the comptroller and auditor general (C&AG), Government of India, the national financial reporting authority (NFRA) and the institute of chartered accountants of India (ICAI).

f. The audit entity is not undertaking audit engagement, either as SBA or Statutory Central Auditor (SCA), of any other PSB for the period of appointment.

g. In case the auditor has previously completed four consecutive years as SBA of the bank, at least four years have elapsed after the completion of the last audit engagement as SBA of the same PSB.

h. In case of auditor has been appointed as an SCA of the Bank in the past, at least Six years have elapsed after the completion of the last audit engagement as SCA of the same PSB (irrespective of tenure of previous engagement).

i. None of the partners of the Audit firm or the proprietor of the audit entity are director in the same PSB.

j. The audit entity does not have any common partner(s) with any other SBA of the same PSB and that they are not under the same network of the Audit firms.

k. The audit entity meets the criteria for the bank audit experience, number of partners, standing, etc., as laid down in Annex 1A for the audit engagements for the year ending March 31, 2024.

l. Committee Approach - A committee of General Managers/Departmental Head from Risk Management, Credit monitoring, Audit & inspection and Finance Department would shortlist & finalize firms for statutory branch audit from the list of audit firms provided by Reserve Bank of India for Statutory Branch Audit and shall be placed before the Audit Committee of the Board for its approval.

IV. Irrevocable consent:

Before appointing the audit entity, Irrevocable consent will be obtained from the Audit Firm in writing for consideration of appointment/re-appointment as SBA for the particular year and during the subsequent continuing years, respectively, and not to take up Statutory Branch Audit engagement with any other PSB during such period. The Audit entity will be eligible for appointment/re-appointment as a SCA or as SBA of only one PSB during a particular year.

V. Tenure:

SBA Firm will be appointed as SBA for a period of one year at a time up to a period of four consecutive years, subject to the audit firm meeting the eligibility criteria. The appointment of SBA will be made on annual basis subject to their fulfilling the eligibility norms prescribed by RBI from time to time and subject to their performance and suitability. In case the audit firm has previously completed four consecutive years as SBA of our bank, the same audit firms will not be eligible to be re- appointed as SBAs in our Bank after completion of four years tenure at least for one cycle of four years.

VI. Number of Assignment:

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

VII. Allocation of Branches:

a. No distinction will be made between the continuing auditors and the fresh auditors.

b. Bank will allot branches, to the extent possible, to the audit firms in the order of their category in such a way that larger branches are audited by bigger/experienced Audit Firms.

c. Bank will give assignment to all the auditors approved/considered for appointment.

d. Allocation of Top 20 Branches shall be allocated to Statutory Central Auditors strictly based on outstanding Advances in such a manner so as to cover minimum 15% of total gross Advances of the Bank

VIII. Maximum Number of Branches to be Audited:

Not more than two (2) branches (irrespective of the size) will be allotted to each of the Statutory Branch Auditors.

IX. Relinquish the Internal Assignments, if any:

In the event of acceptance of the appointment a Statutory Auditor of the Bank all the internal assignments in our bank, if any, will stand withdrawn.

X. Undertakings/ Declarations to be obtained from the firm/firms:

a. A suitable undertaking would be obtained from the firm /firms to the effect that the Audit will be carried by their own staff and they will not subcontract the Audit Work.

b. None of the disqualifications under section 226 of the Companies Act, 2013 applies to them and they are qualified for appointment as Statutory Branch Auditors of the Bank.

c. There are no adverse remarks/disciplinary proceedings pending/ initiated against the firm/any of its partners/proprietor on the records of ICAI, which would make them ineligible for appointment as auditors.

d. None of the partners of your firm or their spouse, depending children and wholly or mainly dependent parents, brothers, sisters or any of them, OR the firm / company in which they are partners / directors are indebted to our

Bank. Further, they have not been declared as wilful defaulters by any Bank or financial institute.

e. Associate firms or sister concerns of statutory audit firm are disqualified for internal audit or for any special assignment where the main firm/partners are allotted Statutory Audit in a particular year.

f. Audit firm will take up only one audit assignment in our Bank during any financial year.

g. The firms whose partner/s is on the Board of the Bank are not eligible to be appointed as auditor of the Bank.

h. A suitable undertaking would be obtained from firms/partners for fulfillment of eligibility criteria.

i. The SBA shall report any fraud entailing an amount of Rs. 1 crore or more directly to the Fraud Monitoring Group, Department of Supervision, RBI. Further, the terms of engagement shall require reporting of all material irregularities, including frauds, concurrently to the chairman of the ACB as well as the MD & CEO of the Bank.

XI. Removal/Discontinuation:

An audit firm appointed as Statutory Branch Auditor may be removed during its tenure with the prior approval of the Reserve Bank of India. The Board of Directors of the Bank/ACB will be the competent authority to recommend removal of any SBA to RBI.

XII. Audit of Foreign Branches:

As on date Bank is having two foreign branches at Singapore and Hong Kong. The Audit of existing Foreign Branches and branches which may be opened in future will be governed by the Laws of that country as well as norms prescribed by RBI. While seeking approval for appointment of SAs for overseas branches, the bank shall indicate the details of audit firms, being recommended for appointment (their experience, standing or any other detail) in the cases where the appointment is not subjected to the approval of the overseas regulator. However, if the approval of the overseas regulator is required, the same shall be indicated in the application. International Department, Head Office will ensure compliance with respect to Auditing, Selection of Auditors and payment of remuneration etc.

Audit Fees and Expenses:

The Fees for SCAs/SBAs are currently under discussion by the IBA working group committee. In the meantime, Statutory auditors will be compensated as per the existing fee structure and extant RBI guidelines. In case any revision in Fee structure is directed/suggested by IBA/RBI in future bank shall abide by same.

1.Audit of the Head/Central Office as an accounting unit:

Category of banks (On the basis of balance sheet size)	Rate of audit fees (₹)
up to ₹200000 crore	8,42,600/-
Above ₹2,00,000 crore and up to ₹5,00,000 crore	902000/-
Above ₹5,00,000 crore and up to ₹10,00,000 crore	9,61,400/-
Above ₹10,00,000 crore and up to ₹15,00,000 crore	10,20,800/-
Above ₹15,00,000 crore	10,80,200/-

Size of our Balance Sheet falls between ₹2,00,000 crore and ₹ 5,00,000 crore. Hence the fees for Audit of the Head/Central Office as an accounting unit shall stand at ₹ 9,02,000/-.

2. Fees for Statutory Branch Audit work: The Schedule of audit fees admissible to the auditors for the audit work of the branch, depending upon the quantum of total advances **(a to L**) [as on the date with reference to which the audit is conducted] will be as under:

Category of bank branches (on the basis of quantum of advances)	Rates of Audit fees (Amount in Rs.)
a) Up to Rs. 10 crore	44,250/-
b) Above Rs. 10 crore up to Rs. 20 crore	63,250/-
c)Above Rs. 20 crore up to Rs. 30 crore	87,300/-
d)Above Rs. 30 crore up to Rs. 50 crore	1,32,800/-
e) Above Rs. 50 crore up to Rs. 75 crore	1,51,800/-
f)Above Rs. 75 crore up to Rs. 125 crore	2,01,150/-
g) Above Rs. 125 crore up to Rs. 175 crore	2,51,750/-
h)Above Rs. 175 crore up to Rs. 300 crore	3,16,250/-
i)Above Rs. 300 crore up to Rs. 500 crore	3,56,750/-

j) Above Rs. 500 crore up to Rs. 1000 crore	3,95,950/-
k) Above Rs. 1000 crore up to Rs. 5000 crore	4,35,150/-
L) Above Rs. 5000 crore	4,74,350/-

3. Fees for others works/Certification:

Sl No	Particulars	Fee Structure
i	Service Branches/Specialized branches i.e. City Back Offices and Central Pension Processing Cell branches RLH/ALH/MSME hub which are working as separate sol id and not linked with any zone/Branch	44,250 /- (As minimum fee prescribed by RBI for the branches having advances)
ii	Asset Management Branches/Asset Recovery Branches	25% of the Audit fee payable on the size of the advance portfolio (NPA) of that Asset Management Branch/Asset Recovery Branch
iii	Preparation of Long Form Audit Report	10% of basic audit fees of the Branch 25% of basic audit fees of Head office
iv	Preparation of Long Form Audit Report and other certification by Concurrent Auditors of those Branches not selected for Statutory Branch Audit	15000/- plus applicable taxes per Branch to Concurrent Auditor
v	Scrutiny & incorporation of return of branches by SCAs	Rs. 850/- per branch

vi	Quarterly / Half yearly review by SCAs	20% of the following: - - Basic audit fee of HO - Audit fee of Top 20 branches - Scrutiny & incorporation of return of branches @ Rs.850/- per branch.
vii	Tax Audit Fee	NA (Since Tax Audit discontinued)
viii	Audit of Treasury	NIL being part of Head Office
ix	Cash Flow Statement	Rs. 25000 /- per Half Year
x	Fees for additional certifications	20% of Basic Head Office Audit fee
xi	Additional certificate required by SEBI	Rs. 35,000/- per certificate quarterly
xii	Other Miscellaneous certification a) Certificate for compliance purpose b) Certificate for claiming subsidy/other monetary benefits	 a) Rs. 15,000/- b) Rs. 25,000/-
xiii	Certificate for AT-1 Bonds	Rs. 50,000/- (up to issue size of Rs. 5000 cr.) Rs. 1,00,000/- (issue size above Rs. 5000 cr.)

a. No fee is payable to Branch Auditors for additional attestation
b. No separate TA/HA shall be payable for LFAR.

4. Reimbursement of Travelling and Halting Allowances and Daily Conveyance Charges

For reimbursement of the lodging & boarding charges, travelling allowance and daily conveyance to statutory auditors, the Banks has been given the discretion to decide the same in a cost-effective manner in mutual consent with the auditors. Further, in no circumstances should the rate exceed the IBA prescription for the respective ceiling. The categories of officers linked for the purpose of deciding the ceiling limits are given below.

Category of audit Officials	Equivalent scale of Bank Officials (as per IBA)
Partners/Proprietors	VII – General Manager
Qualified Assistants	III – Senior Manager
Unqualified Assistants	I – Officers

With regard to the reimbursement of travelling, halting allowance and daily conveyance charges, the Bank shall consider as under:

I. Wherever the Bank has Guest House or Visiting Officers' Flats, the same may be utilized to cater to the needs of the auditors.

II. Bank will call for such details as are necessary for verification of bills in this regard and the statutory auditors shall furnish such details for verification of the actual expenses.

III. Where the statutory auditors have their headquarters at a place different from that where the Head/Central Office of the bank is situated, but have an office at the same place as the Head/Central Office of the bank, the TA/HA, if any, should be nominal for the audit. However, to ensure the quality of audit, there will be no objection to the partners of the firm visiting the Head/Central Office of the bank as and when they deem it necessary.

IV. Where the statutory central auditors or branch auditors have an office at the place where the branches/offices of the bank to be audited are situated, they will not be reimbursed TA/HA. However, local conveyance will be reimbursed.

V. All expense bills where GST is charged should have Bank GSTN mentioned on the Invoice. Expenses will be reimbursed on actual basis within the maximum ceiling.

VI. In case of dispute between the auditors and the bank regarding settlement of their bills, the MD& CEO of the Bank shall be the final authority to decide the claims satisfying himself that the actual expenses have been incurred by a particular auditor and the claims are settled keeping in view the aforesaid RBI guidelines.

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FORM B

Eligibility Certificate form (Name and Firm Registration Number of the firm)

1. Particulars of the firm:

Asset Size of Entity as on 31st March of Previous Year	Number of Full-Time partners (FTPs) associated* with the firm for a period of three (3) years	Out of total FTPs, Number of FCA Partners associated with the firm for a period of three (3) years	Number of Full Time Partners/ Paid CAs with CISA/ISA Qualification	Number of Years of Audit Experience#	Number of Professional staff
*Exclusively associated in case of all Commercial Banks (excluding RRBs), and UCBs/NBFCs with asset size of more than ₹ 1,000 crore #Details may be furnished separately for experience as SCAs/SAs and SBAs					

2. Additional Information:

i. Copy of Constitution Certificate.

ii. Whether the firm is a member of any network of audit firms or any partner of the firm is a partner in any other audit firm? If yes, details thereof.

iii. Whether the firm has been appointed as SCA/SA by any other Commercial Bank (excluding RRBs) and/or All India Financial Institution (AIFI)/RBI/NBFC/UCB in the present financial year? If yes, details thereof.

iv. Whether the firm has been debarred from taking up audit assignments by any regulator/Government agency? If yes, details thereof.

v. Details of disciplinary proceedings etc. against firm by any Financial Regulator/Government agency during last three years, both closed and pending.

3. Declaration from the firm

The firm complies with all eligibility norms prescribed by RBI regarding appointment of SCAs/SAs of Commercial Banks (excluding RRBs)/UCBs/NBFCs (as applicable). It is certified that neither I nor any of our partners / members of my / their families (family will include besides spouse, only children, parents, brothers, sisters or any of them who are wholly or mainly dependent on the Chartered

Accountants) or the firm / company in which I am / they are partners / directors[15] have been declared as wilful defaulter by any bank / financial institution.

It is confirmed that the information provided above is true and correct.

Signature of the Partner
(Name of the Partner)
Date:

FORM C

Certificate to be submitted by the Commercial Banks (excluding RRBs) and UCBs regarding eligibility of audit firm proposed to be appointed as SCA/SA

The bank/UCB is desirous of appointing M/s ______________, Chartered Accountants (Firm Registration Number ________________) as Statutory Central Auditor (SCA)/ Statutory Auditor (SA) for the financial year _________ for their 1st/2nd/3rd term and therefore has sought the prior approval of RBI as per the section 30(1A) of the Banking Regulation Act, 1949/ Section 10 (1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980/ Section 41(1) of SBI Act, 1955.

2. The bank/UCB has obtained eligibility certificate (copy enclosed) from (name and Firm Registration Number of the audit firm) proposed to be appointed as Statutory Central Auditor (SCA)/Statutory Auditor of the bank/UCB for FY _____ along with relevant information (copy enclosed), in the format as prescribed by RBI.

3. The firm has no past association/association for _____ years with the bank/UCB as SCA/SA/SBA.

4. The bank/UCB has verified the said firm's compliance with all eligibility norms prescribed by RBI for appointment of SCAs/SAs of Commercial Banks (excluding RRBs)/UCBs.

Signature
(Name and Designation)

Date:

Annex 1 A

Eligibility Norms advised by Reserve Bank of India for appointment of Statutory Branch Auditors (SBAs) for the FY March 31,2024, and onwards.

Category	**No. of CAs exclusively *associated with the firm (Full time)**	**No. of partners exclusively associated* with the firm (full time) Out of (2)**	**Professional Staff #**	**Bank Audit experience**	**Standing of the audit firm (@)**
(1)	(2)	(3)	(4)	(5)	(6)
Category I	5	3	8	The firm or at least one of the partners should have a minimum of 8 years' experience of branch audit of a public sector bank or of a private sector bank (PVB).	8 years
Category II	3	2	6	The firm or at least one of the partners should have conducted branch audit of a public sector bank /private sector bank for at least 5 years.	6 years (for the firm or at least one partner)
Category III	2	2	4	The firm or at least one of the CAs should have conducted branch audit of a public sector bank/private sector bank for at least 3 years.	5 years (for the firm or at least one partner)
Category IV					
Partnership Firm	2	2	2	Not necessary	3 years
Proprietorship concern	2	1	2	Not necessary	6 years
Proprietorship concern	1	1	2	The proprietor should have conducted branch audit of a public sector bank /private sector bank for at least 3 years	6 years

* The definition of "exclusive association" will be based on the following criteria"

a. The Full-time partner should not be a partner in other firm/s.

b. She /He should not be employed full time/ part time elsewhere

c. She /He should not be practicing in her or his own name or engaged in practice elsewhere or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.

Professional Staff (excluding typist, stenographers, computer operators, secretary/ies and sub-ordinate staff etc.) implies audit and articled clerks with knowledge in book keeping and accountancy and are engaged in audit.

@ The Standing of an audit firm would be reckoned from the date of its establishment. For a proprietorship, the period for which the proprietor has been holding a Certificate of Practice issued by the ICAI shall be reckoned for standing.