

## **Policy for Appointment of Statutory Central Auditors (SCAs) and Statutory Branch Auditors (SBAs) of the Bank for FY 2025-26.**

### **Policy for Appointment of Statutory Central Auditors (SCAs):**

#### **1. Government & Regulatory Guidelines:**

Department of Financial Services, Ministry of Finance, Government of India vide its guidelines to the Reserve Bank of India (RBI) bearing number F.No.1/14/2004-BOA dated November 25, 2014 has delegated the work of selection and appointment of Statutory Central Auditors (SCAs) to individual Public Sector Banks (PSBs) from the year 2014-15 and onwards.

RBI has issued the revised guidelines for appointment of Statutory Central Auditors from the FY 2021-22 vide its letter No DoS.CO.ARG./SEC.01/08.91.001/2021-22 dated April 27th 2021 wherein RBI advised to have a Board approved policy for appointment of SCA and the same should be hosted on the official website of the Bank.

#### **2. Appointment of Statutory Central Auditors (SCAs):**

Based on the guidelines issued by RBI for appointment of Statutory Central Auditors (SCAs), it is proposed to adopt the policy for appointment of SCAs as under: -

- 2.1 Bank, having asset size of less than 5 lakh Crore, shall have maximum 4 SCAs. The cooling off period as SCA will be of 2 tenures (i.e. 6 years) after completion of full or part of one term of audit in the Bank. The appointment of SCAs will be made on an annual basis in consultation with ACB of the Bank, subject to their fulfilling the eligibility norms prescribed by RBI from time to time and also subject to their suitability.
- 2.2 The Statutory Central Auditors (SCAs), will be selected for appointment from the list provided by Reserve Bank of India. Prior approval of RBI (Department of Supervision) for appointment / re-appointment of SCAs will be obtained on annual basis.
- 2.3 While making selection, the Bank shall take into consideration the following points:-
  - i. If any partner of Audit firm is a director in any PSB, the said firm shall not be appointed as SCA of the Bank. Further, if any partner of audit firm is a director in the bank, the said firm shall not be appointed as SCA / SA of any of the group entities of the Bank.
  - ii. An audit firm is eligible to be appointed as Central Auditor of a maximum of four commercial banks [including not more than one PSB or one all India financial institutions (NABARD, SIDBI, NHB, EXIM Bank) or RBI], eight UCBs and eight NBFCs during a particular year. A group of audit firms having common partners and / or under the same network, will be considered as one entity and will be considered for SCA accordingly.
  - iii. Concurrent auditors of the Bank will not be considered for appointment as SCA. The audit of the Bank and any entity with large exposure to the Bank for the same reference year will also be explicitly factored in while assessing independence of audit firm.
  - iv. The time gap between any non-audit work (internal assignment, special assignment or services mentioned under section 144 of Companies Act 2013) by any CA firm for the bank or other group entities (RBI regulated), should be at least one year, before or after appointment as SCAs of the bank.
  - v. The auditor's/audit firms, appointed as SCA of the Bank will be continued for a continuous period of three years' subject to the firms satisfying the eligibility norms each year. Further, Bank can remove any audit firm during the said period with the prior approval of the Reserve Bank of India.

- vi. The eligible Auditors / Audit Firms should be qualified under provisions of Section 141 of Companies Act, 2013 for appointment as auditors of the bank. No adverse remarks / disciplinary proceedings shall be pending / initiated against the firms / any of the partners / proprietor on records of ICAI.
  - vii. In composition of SCAs of the Bank, Maximum two audit firms (i.e. 50% of the number of Audit Firms to be appointed as SCA of the Bank which at present is four) having its head office at Maharashtra (Preferably at Pune or Mumbai) will be selected, considering the fact that Head Office of the Bank and majority of Branches are located in the state of Maharashtra. For selection of SCAs from the state of Maharashtra, the matrix as per Annexure -2 will be used.
- 2.4 The ACB of the Bank shall review the performance of SCA on an annual basis and any serious lapses / negligence in audit responsibilities or any other related matter shall be reported to RBI within two months from completion of the annual audit.
  - 2.5 Norms on eligibility, empanelment and selection of Statutory Central Auditors issued by RBI are enclosed as **Annexure-I**.
  - 2.6 RBI has directed that Bank should make parameters for shortlisting of the audit firms. Bank had defined the parameters (**Annexure – II**) for shortlisting of audit firms in the policy approved by board.
  - 2.7 Bank will shortlist minimum of 2 audit firms for every vacancy of SCA based on the said parameters so that even if firm at first preference is found to be ineligible / refuses appointment, the firm at second preference can be appointed as SCA without any delay. The shortlisting is not required for re-appointment of any firm SCA till completion of tenure of continuous period of 3 years.
  - 2.8 The detailed procedure for shortlisting and finalization of appointment of Statutory Central Auditors (SCAs) is enclosed as **Annexure-III**.
  - 2.9 Remuneration to SCA firms shall be paid as per RBI guidelines & IBA Working Group Recommendation issued from time to time (details of fee payable to SCAs for various assignments are enclosed herewith as **Annexure-IV**).
  - 2.10 **Tax Audit:** The tax audit of the all branches (incl. Top 20 Branches), Head office and consolidation thereof for final submission to Income Tax Department, will be done by the independent CA firm specifically appointed for this purpose. Tax Audit for top 20 Branches done by SCA is discontinued from FY 2022-23 onwards.

## **Policy for Appointment of Statutory Branch Auditors (SBAs):**

Based on the extant guidelines issued by RBI for appointment of Statutory Branch Auditors (SBAs), it is proposed to adopt the policy for appointment of SBAs as under:

### **Criteria for Selection of Branches**

1. Statutory branch audit of PSBs shall be carried out so as to cover minimum 70% of all funded and 70% of all non-funded credit exposures of the bank for FY 2022-23. However, from FY 2023-24 onwards, discretion has been given to Banks for determining business coverage under Statutory Branch Audit. Based on the prevailing guidelines and parameters advised by RBI for FY 2022-23, Bank will continue to cover minimum 70% of all funded and 70% of all non-funded credit exposures of the bank from FY 2023-24 onwards.

The selection of branches for statutory audit shall include a representative cross section of rural/semi-urban/urban and metropolitan branches, predominantly including branches which are not subjected to concurrent audit. CPUs/LPUs and other centralized hubs, by whatever nomenclature called, would be included for branch audit every year. The methodology for selection of branches shall inter-alia consider degree of centralization of processes, need to address fraud and credit risk, adverse reports from internal / concurrent auditor, whistle blower complaint, any unusual patterns / activity shown by MIS.

2. Selection of branches for statutory audit will be made preferably in decreasing order of total exposure (funded and non-funded) of the branches as at the end of the year, subject to other conditions, as specified.
3. Every branch is to be audited atleast once in 5 years so as to ensure effective internal controls. As such, 1/5th of the remaining branches may be considered for statutory audit by replacing certain branches specified at point 1 and without compromising the required coverage of business i.e. Minimum 70% of funded credit exposure and 70% non-funded credit exposure.
4. In respect of branches, which are subject to concurrent audit by chartered accountants, LFARs and other certifications be submitted by the concurrent auditors to the MD & CEO of the Bank. The banks in turn will consolidate/compile all such LFARs and other certifications submitted by the Concurrent Auditors and submit to Statutory Central Auditor/s as an internal document of the bank.
5. For appointment of statutory auditors for the shortlisted branches, Bank will use the Institute of Chartered Accountant of India (ICAI) web based portal/application service ***for selection of audit firm from the RBI eligible list (List of Non-Continuing Audit Firms is available in ICAI portal).***

In case, the ICAI web portal/application is unable to select new audit firms due to some technical reason or due to in-ordinate delay or rejections or any other reasons, Committee of General Managers shall select remaining vacancy of auditors from the RBI eligible list.

6. The statutory audit firm selected as Statutory Branch Auditor of the Bank will not be considered for any other internal audit and for special assignment in the Bank.
7. The audit firms shall not be appointed as SBA of the bank if the audit firm:
  - is undertaking any audit assignment as SBA or SCA of any other PSB for the period of appointment.
  - Whose partner/s are on the Board of same PSB, during the relevant period,

- Having common partner(s) with any other SBA of the bank and that they are not under the same network (as defined under Rule 6(3) of the Companies (Audit & Auditors) Rules, 2004) of the audit firms.
8. SBAs will have a maximum tenure of four years or as decided by the RBI from time to time. The appointment of SBAs 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.
  9. The eligible Auditors / Audit Firms should be qualified under provisions of Section 141 of Companies Act, 2013 for appointment as auditors of the bank. No adverse remarks / disciplinary proceedings shall be pending / initiated against the firms / any of the partners / proprietor on records of ICAI. The Auditors / Audit firms or their partners/proprietor or their close relatives should not be a willful defaulter of any other Bank / Financial Institutions. The Auditor should not be indebted to the bank for amount exceeding the amount specified as per Companies Act.
  10. The audit firms will not be eligible to be re-appointed as SBAs, in the bank, at least for one cycle of four years. Further, the auditor/audit firm which has been appointed as SCA of the bank in the past, cannot be appointed as SBA unless, at-least six years have been elapsed after the completion of the last audit engagement as SCA in the bank, irrespective of the tenure of the previous engagement.
  11. Norms on eligibility, empanelment and selection of Statutory Branch Auditors issued by RBI are enclosed as Annexure-V.
  12. Remuneration to SBA firms shall be paid as per RBI guidelines issued from time to time (details of fee payable to SBAs for various assignments are enclosed herewith as Annexure-IV).
  13. Tax audit for all branches has been discontinued. Therefore, tax audit will not be assigned to any branch auditor incl. Statutory Central Auditor.
  14. The procedure for Appointment of Statutory Branch Auditors (SBAs) are enclosed as Annexure-VI to this note.
  15. Inspection Department will put up before Audit Committee of the Board the performance review of SBAs on annual basis. Any serious lapses, negligence in Audit responsibilities, conduct issues or any other matter considered as relevant as observed by ACB shall be reported to the RBI within two months from completion of annual audit, with full details of the Audit Firm.
  16. While allotting branches, Bank will use the Institute of Chartered Accountant of India (ICAI) web based portal service **for allocation of branches to the selected auditors (i.e. Branches other than Top 20 to be audited by SCAs) subject to maximum two branches**. The ICAI web based portal is having inbuilt capability to identify the audit firm(s) which are having close proximity to branch locations taking into consideration the category of Branches.  
In case, the ICAI web portal is unable to allocate the branches to audit firms due to some technical reason or non-availability of audit firm near to the branch location the Bank shall endeavour to select auditor's / audit firms which are in close proximity to their offices / branches as far as possible **subject to maximum two branches**.

The above policy is in compliance with guidelines issued by GOI & RBI and will be modified accordingly to incorporate any guidelines issued by RBI or Government of India from time to time in this regard.

**Eligibility Criteria for Appointment as SCA/SA****A. Basic Eligibility**

<b>Asset Size of Entity as on 31st March of Previous Year</b>	<b>Minimum No. of Full-Time partners (FTP)s associated with the firm for a period of at least three (3) years Note 1</b>	<b>Out of total FTPs, Minimum No. of Fellow Chartered Accountant (FCA) Partners associated with the firm for a period of at least three (3) years</b>	<b>Minimum No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification Note 2</b>	<b>Minimum No. of years of Audit Experience of the firm Note 3</b>	<b>Minimum No. of Professional staff Note 4</b>
Above ₹15,000 crore	5	4	2	15	18
Above ₹ 1,000 crore and Up to ₹15,000 crore	3	2	1	8	12
Upto ₹1,000 crore	2	1	1*	6	8
* Not mandatory for UCBs/NBFCs with asset size of upto ₹ 1,000 crore.					

**Note 1:** There should be at least one-year continuous association of partners with the firm as on the date of empanelment (for PSBs)/ shortlisting (for other Entities) for considering them as full time partners. Further, for appointment as SCAs/SAs of all Commercial Banks (excluding RRBs), and other Entities with asset size above ₹1,000 crores, at least two partners of the firm shall have continuous association with the firm for at least 10 years.

For all Commercial Banks (excluding RRBs), and UCBs/NBFCs with asset size above ₹1,000 crores, the 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.
- In case of PSBs, 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. For other Entities, the Board/ACB/LMC shall examine and ensure that the income of the partner from the firm/LLP is adequate for considering them as full-time exclusively associated partners, which will ensure the capability of the firm for the purpose.

**Note 2: CISA/ISA Qualification:**

For UCBs and NBFCs with asset size upto ₹1,000 crore, there is no minimum requirement in this regard. However, such Entities may give priority to firms with full time partners or full time CAs having CISA/ISA qualification. There should 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 Entities) for considering them as Paid CAs with CISA/ISA qualification for the purpose.

**Note 3: Audit Experience:**

For Commercial Banks (excluding RRBs), audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/ AIFIs. For UCBs and NBFCs, audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/ UCBs/NBFCs/ AIFIs. In case of merger and demerger of audit firms, merger effect will be given after 2 years of merger while demerger will be effected immediately for this purpose.

**Note 4: Professional Staff**

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 PSBs)/ shortlisting (for other Entities) for considering them as professional staff for the purpose.

**B. Additional Consideration**

(i) The audit firm, proposed to be appointed as SCAs/SAs for Entities, should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.

(ii) The audit entity or any of its partners have not been barred from exercising duties as auditor by any regulatory body including RBI, SEBI, C&AG, Government of India, National Financial Reporting Authority (NFRA) and The Institute of Chartered Accountants of India (ICAI).

(iii) The Entities 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.

(iv) 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/SA of any PSB. Further, if any partner of a Chartered Accountant firm is a director in any Entity, the said firm shall not be appointed as SCA/SA of any of the group entities of that Entity.

(v) The auditors for Entities with asset size above ₹1,000 crore 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.

(vi) For audit of UCBs, the SA of the firm should have a fair knowledge of the functioning of the cooperative sector and shall preferably have working knowledge of the language of the state in which the UCB/branch of the UCB is located.- Not applicable to Scheduled Commercial Bank(SCB).

**C. Continued 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 the Entity 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.

**A. Objective Parameters for Shortlisting of CA firms for SCA of the Bank**

Sr. No.	Parameters for Shortlisting	Total Marks	Marking of each parameter
1	Number of Full Time Partners and paid CA	20	1 Mark for every full time partner and paid CA. Maximum 20 Marks.
2	Number of professional staff excluding typist, stenographer, computer operator etc	5	1 Mark for every 10 paid audit staff. Maximum 5 Marks.
3	Year since when the firm has at least one FCA Partner	10	1 Mark for every 5 year of standing. Maximum 10 Marks.
4	Number of years' experience of the firm in PSU audit	10	1 Mark for every 3 years of PSU audit experience. Maximum 10 Marks.
5	Number of audit as SCA of the Public Sector Bank	15	2 Mark for every audit as SCA of PSB. Maximum 15 Marks.
6	Number of years' experience of the firm in Bank audit	12	1 Mark for every 4 years of PSB audit. Maximum 12 Marks.
7	Number of branches other than the head quarter of the firm	5	2 Mark for every branch office. Maximum 5 Marks.
8	Number of partners having DISA / CISA Qualification	5	2 Mark for every DISA / CISA qualified partner. Maximum 5 Marks.
9	Number of FCA in the firm	18	1 Mark for every FCA in the firm. Maximum 18 marks.
<b>TOTAL</b>		<b>100</b>	

**B. Interaction with Top 3 CA firms for each vacancy (10 Marks)**

Committee of the General Managers will interact with the Top 3 CA Firms for each vacancy (Maharashtra & Non-Maharashtra separate depending upon the vacancies. In case of 2 vacancies 6 top Audit Firms will be interacted) which are shortlisted as per objective parameters defined in A above. While interaction, committee will obtain an understanding on Audit Tools / utilities available with the CA firms for handling / analyzing voluminous data, IT Security infrastructure and policies, experience in IND-AS implementation / audit etc. Additional 10 marks have been assigned for interaction with audit firms. Based on the understanding obtained during interaction, the committee may assign weightage to CA firms out of 10 marks.

**C.** The Audit Firm/s will be shortlisted based on the highest consolidated marks obtained under para A & B by committee of General Managers.



**Procedure for appointment of Statutory Central Auditors (SCAs):**

The detailed procedure adopted by the Bank for selection and appointment of Statutory Central Auditors (SCAs), will be as under:

1. Selection of audit firms will be made from the list of audit firms provided by RBI.
2. The no. of vacancy of SCAs in the particular year, will be displayed on the website of the Bank after receiving the necessary instructions from Reserve Bank of India so as to make the process more transparent.
3. An internal Committee comprising of following members will be formed:
  - a. General Manager, F M & A / CFO,
  - b. General Manager, Credit.
  - c. General Manager, Recovery & Legal.
  - d. General Manager, Inspection.
  - e. Dy. General Manager / Asst. General Manager / Chief Manager, F M & A.
 Deputy General Manager/Assistant General Manager/Chief Manager, F M & A will act as member secretary to the Committee. The committee meeting will be chaired by the General Manager – FM&A / CFO and quorum of the meeting shall be three.
4. The above Committee will shortlist audit firms from the list of SCA audit firms provided by RBI based on the parameters specified under **Annexure-II** and requirement of the Bank. While shortlisting the firms, the following will also be considered: -
  - a. Expertise of the firm, branch network and other related aspects.
  - b. Independence of auditors and conflict of interest in line with RBI guidelines as specified under clause iii and iv of para 2.3 of this policy.
  - c. In composition of SCAs of the Bank, preference may be given to audit firms (maximum 2) having its head office at Pune or Mumbai, considering the fact that Head Office of the Bank and majority of Branches are located in the state of Maharashtra.
  - d. The Bank is selecting max 2 audit firms from Maharashtra state and rest from Non-Maharashtra state. Therefore interaction/ presentation of Top 3 shortlisted firms (Maharashtra & Non-Maharashtra separately depending upon vacancies) with committee of general managers will be done for each vacancy (E.g. in case of 2 vacancies in Maharashtra/ Non-Maharashtra state, 6 top audit firms from Maharashtra/ Non-Maharashtra state, as the case may be, will be interacted)
5. Bank will obtain willingness in writing from above shortlisted audit firm(s) to accept the assignment of Statutory Central Audit work of the Bank.
6. The list of shortlisted audit firms will be placed before ACB. The ACB will recommend adequate number of audit firm (s) in order of preference.
7. Thereafter, Bank will approach the audit firms to obtain the eligibility certificate as per **Annexure – VII** along with their consent in writing strictly in order of preference.
  - a. If the audit firm does not give consent within given time, the Bank will approach the next audit firm in order of preference for obtaining eligibility certificate and consent till the time the number of audit firms who have given the consent equals to number of vacancies for the or the number of audit firms required by the Bank for that particular year.
  - b. The list of such selected firms, who will give consent for appointment as Statutory Central Auditors (SCAs), will be then forwarded to RBI for final approval along with eligibility certificate of audit firm as per **Annexure – VII** and the certificate of the Bank as per **Annexure – VIII**.
8. The final list of selected audit firms, as approved by RBI, will be placed to the Board of Directors for appointment as SCAs of the Bank.

**Remuneration payable to the SCA and SBA of the Bank**

RBI vide circular Dos.CO.ARG.No.S8056/08.92.001/2022-23 dated 01<sup>st</sup> March 2023, has revised the fee structure in respect of basic audit fee only; leaving other fees to be decided by the individual banks with the approval of their Board / ACB. Further, the banks are given discretion to decide the Travelling, lodging, boarding and daily allowance payable to auditors in a cost-effective manner in mutual consent of auditors.

**(A) The basic audit fee as per the RBI guidelines is as under:-**

- for audit of Head Office as an accounting unit

<b>Category of Banks (based on balance sheet size)</b>	<b>Audit fee</b>
Upto Rs.50,000 crore	8,42,600/-
Above Rs.50,000 crore and upto Rs.1,00,000/- crore	
Above Rs.1,00,000 crore and upto Rs.2,00,000/- crore	
Above Rs.2,00,000 crore and upto Rs.5,00,000/- crore	9,02,000/-
Above Rs.5,00,000 crore and upto Rs.10,00,000/- crore	9,61,400/-
Above Rs.10,00,000 crore and upto Rs.15,00,000/- crore	10,20,800/-
Above Rs.15,00,000 crore	10,80,200/-

- for audit of branches (Including Stressed Asset Management Branch & ARB)

<b>Category of bank branch (on the basis of quantum of advances)</b>	<b>Audit Fee (in Rs.)</b>
Upto Rs.10 crore	44,250/-
Above Rs.10 crore and upto Rs.20 crore	63,250/-
Above Rs.20 crore and upto Rs.30 crore	87,300/-
Above Rs.30 crore and upto Rs.50 crore	1,32,800/-
Above Rs.50 crore and upto Rs.75 crore	1,51,800/-
Above Rs.75 crore and upto Rs.125 crore	2,01,150/-
Above Rs.125 crore and upto Rs.175 crore	2,51,750/-
Above Rs.175 crore and upto Rs.300 crore	3,16,250/-
Above Rs.300 crore and upto Rs.500 crore	3,56,750/-
Above Rs.500 crore and upto Rs.1000 crore	3,95,950/-
Above Rs.1000 crore and upto Rs.5000 crore	4,35,150/-
Above Rs.5000 crore	4,74,350/-

**(B) Fees for other works / certification, TA/ DA**

Sr. No.	Particulars	Fee Structure								
1	Branches without any advances / normal business activity e.g. service branch, Central Processing Cell (if operating as a separate unit and not linked with any zone etc	Rs. 44,250/- per branch; being minimum fee prescribed by RBI for the branches having advances.								
	Branches which acts only as recovery agent with no business parked									
	Branches where NPAs are transferred for follow up / recovery e.g. Asset Recovery Branch/ SAMV	Fees based on quantum of advances of the branch								
2	LFAR	- 10% of basic fee for branches. - 25% of basic fee for Head Office.								
3	Scrutiny & incorporation of return of branches by SCAs	Rs. 850/- per branch								
4	Audit of CFS	Rs. 25,000/- per subsidiary / associate								
5	Quarterly / Half yearly review by SCAs	20% of the following:- - Basic annual audit fee - Audit fee of Top 20 branches - Scrutiny & incorporation of return of branches @ Rs.850/- per branch. - Fees payable for consolidation								
6	Tax Audit Fee	NA (Since Tax Audit discontinued)								
7	Audit of TIBD	NIL being part of Head Office								
8	Cash Flow Statement	Rs. 25,000/- half-yearly								
9	Additional certifications required by RBI	20% of Basic Head Office Audit fee								
10	Additional certificate required by SEBI	Rs. 35,000/- per certificate quarterly (like Net Worth etc.)								
11	Other compliance certificate e.g. utilization, Security Cover etc.	Rs. 15,000/-								
12	Certificate for AT-1 Bonds	Rs. 50,000/- (upto issue size of Rs. 5000 cr.) Rs. 1,00,000/- (issue size above Rs. 5000 cr.)								
13	Reimbursement of lodging, boarding and halting charges <i>in consultation with SCA of the Bank</i>	The maximum eligibility is considered equivalent to the scale of bank officials as per following:-								
		<table><tr><th>Category of Audit Firm's officials</th><th>Equivalent scale of bank officials</th></tr><tr><td>Partner / Proprietor</td><td>Scale VII – GM</td></tr><tr><td>Qualified Assistant</td><td>Scale III – Senior Manager</td></tr><tr><td>Unqualified Assistant</td><td>Scale I – Officer</td></tr></table>	Category of Audit Firm's officials	Equivalent scale of bank officials	Partner / Proprietor	Scale VII – GM	Qualified Assistant	Scale III – Senior Manager	Unqualified Assistant	Scale I – Officer
		Category of Audit Firm's officials	Equivalent scale of bank officials							
		Partner / Proprietor	Scale VII – GM							
Qualified Assistant	Scale III – Senior Manager									
Unqualified Assistant	Scale I – Officer									
14	Travelling Charges <i>in consultation with SCA of the Bank</i>	<b>For partners / Proprietors of the firm:-</b> Air conditioned first class railway fare or air fare (by economy) class or actual cost of conveyance by other modes where routes are not served by rail / air.  <b>For Qualified Assistants:-</b> Air conditioned second class railway fare or actual cost of conveyance by other modes where routes are not served by rail. In case of urgency travel by air (economy), with prior approval of concerned								

		<p>Zonal Manager for field Offices and Asst. General Manager, FM&amp;A for Head Office.</p> <p><b>For Unqualified Assistants:-</b> Air conditioned third class railway fare or actual cost of conveyance by other modes where routes are not served by rail.</p> <p>So far as possible, the expenses should be reasonable or to be made in a cost effective manner. In case the travelling is done using private cab, the same should be shared with other assistants.</p>							
15	Daily conveyance <i>in consultation with SCA of the Bank</i>	<p>In case of local auditors, if the distance between the auditor's office and bank's branch is beyond 8 km, the following charges are payable subject to production of bills:-</p> <table><tr><td></td><td><b>Rates</b></td></tr><tr><td>Partner / proprietors</td><td>Local Taxi (Max Rs.600 per day)</td></tr><tr><td>Qualified Assistant</td><td rowspan="2">Rs. 12 per km (Max 300 per day)</td></tr><tr><td>Unqualified Assistant</td></tr></table>		<b>Rates</b>	Partner / proprietors	Local Taxi (Max Rs.600 per day)	Qualified Assistant	Rs. 12 per km (Max 300 per day)	Unqualified Assistant
	<b>Rates</b>								
Partner / proprietors	Local Taxi (Max Rs.600 per day)								
Qualified Assistant	Rs. 12 per km (Max 300 per day)								
Unqualified Assistant									

Category	No. of CAs exclusively associated* with the firm (Full time)	No. of partners exclusively associated* with the firm (full time) (Out of 2)	Prof. staff	Bank audit experience	Standing of the audit firm
(1)	(2)	(3)	(4)	(5)	(6)
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 nationalized bank and/ or of a private sector bank.	8 years
II.	3	2	6	The firm or at least one of the partners should have preferably conducted branch audit of a nationalized bank or of a private sector bank for at least 5 years.	6 years (for the firm or at least one partner)
III.	2	1	4	The firm or at least one of the CAs should have preferably conducted branch audit of a nationalized bank or of a private sector bank for at least 3 years	5 years (for the firm or at least one partner)
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 PSB / PVB 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 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 otherwise 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 typists, 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.

**Procedure for Appointment of Statutory Branch Auditors (SBAs):**

The following procedure will be followed for appointment of Statutory Branch Auditors (SBAs) in the Bank.

1. Bank will use the Institute of Chartered Accountant of India (ICAI) web based portal/application service **for selection of audit firm from the RBI eligible list (List of Non-Continuing Audit Firms is available in ICAI portal)**.  
Thereafter, the same will be put up before the committee comprising General Manager – FM&A / CFO, General Manager – Inspection, General Manager – Planning and Dy General Manager / Asst. General Manager / Chief Manager – FM&A. DGM / AGM / CM-FM&A will act as member secretary. The committee meeting will be chaired by the General Manager – FM&A / CFO and quorum of the meeting shall be three. However, the presence of General Manager – FM&A / CFO and DGM / AGM / CM – FM&A is mandatory.  
In case, the ICAI web portal/application is unable to select new audit firms due to some technical reason or due to in-ordinate delay or rejections or any other reasons, Committee of General Managers shall select remaining vacancy of auditors from the RBI eligible list.
2. Based on the above the Committee will shortlist / select the names of the audit firms from the RBI list as per the requirement of the Bank.
3. The bank shall obtain irrevocable consent in writing from the selected audit firms for consideration of appointment/re-appointment in the bank for the particular year and during the subsequent continuing years respectively.
4. The list of shortlisted audit firms shall be uploaded on the RBI's Auditor Allocation System (AAS) to ensure that any of the shortlisted audit firms, has not already been preferred by any other PSB since the allocation is done in FIFO basis. After ensuring the same, the list of audit firms selected for appointment as statutory branch auditors shall be placed before the ACB for its approval.
5. The RBI has given general permission to the PSB for appointment of SBAs, in compliance with its guidelines. Accordingly, the final list of selected audit firms, as approved by ACB, will be placed to the Board of Directors for appointment as SBAs of the Bank. Thereafter, list of appointed SBAs along with details of allocation of branches shall be reported to RBI through AAS portal.
6. While allotting branches **(Other than Top 20 Branches to be audited by SCA)**, Bank will use the Institute of Chartered Accountant of India (ICAI) web based portal service **for allocation of branches to the selected auditors subject to maximum two branches**. The ICAI web based portal is having inbuilt capability to identify the audit firm(s) which are having close proximity to branch locations taking into consideration the category of Branches.  
In case, the ICAI web portal is unable to allocate the branches to audit firms due to some technical reason or non-availability of audit firm near to the branch location the Bank shall endeavour to select auditor's / audit firms which are in close proximity to their offices / branches as far as possible **subject to maximum two Branches**.

7. Bank will upload details of selected Branches for Audit in ICAI Web based portal/application along with category of Branch and Address. Bank will also upload the details of continuing auditor provided by RBI along with the details of previous branches audited by the continuing auditor earlier.

8. Matrix for Allocation of Branches

Category of Audit Firm	Maximum No. of Branches	Location of the Audit Firm
I	2	Based on the ICAI Web based portal/application
II	2	
III	2	
IV	2	

In case, the ICAI web portal is unable to allocate the branches to audit firms due to some technical reason or non-availability of audit firm near to the branch location the Bank shall endeavor to select auditor's / audit firms which are in close proximity to their offices / branches as far as possible ***subject to maximum two Branches.***

9. Further Bank will also ensure that the Audit Firm is eligible for SBA as per RBI guidelines. Norms for empanelment of audit firms to be appointed as SBAs as prescribed by RBI are given in Annexure- V.
10. As regards statutory branch audit to be carried out by SCAs, Bank will allot the top 20 branches (to be selected strictly in order of the level of outstanding advances) in such a manner as to cover a minimum of 15% of total gross advances of the bank by SCAs.
11. Canvassing and soliciting in any manner to influence the above process may lead to disqualification of the audit firm.

**ELIGIBILITY CERTIFICATE**

&lt;Name of the Firm&gt;

&lt;Firm Registration No.&gt; (UCN :- &lt;UCN&gt;)

&lt;Address&gt;

**A. Particulars of the firm:**

<b>Asset Size of Entity as on 31st March of Previous Year</b>	<b>Number of Full-Time partners (FTP)s associated* with the firm for a period of three (3) years</b>	<b>Out of total FTPs, Number of FCA Partners associated with the firm for a period of three (3) years</b>	<b>Number of Full Time Partners/ Paid CAs with CISA/ISA Qualification</b>	<b>Number of Years of Audit Experience#</b>	<b>Number of Professional staff</b>
Above 15000 Crore					
<b>*Exclusively associated in case of all Commercial Banks (excluding RRBs), and UCBs/NBFCs with asset size of more than ₹ 1,000 crore</b> <b>#Details may be furnished separately for experience as SCAs/SAs and SBAs</b>					

**B. Additional Information:**

- Copy of Constitution Certificate.
- 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.
- 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.
- Whether the firm has been debarred from taking up audit assignments by any regulator/Government agency? If yes, details thereof.
- Details of disciplinary proceedings etc. against firm by any Financial Regulator/Government agency during last three years, both closed and pending.



### C. 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 have been declared as wilful defaulter by any bank / financial institution.

It is further declared that the firm is having the audit assignment of the following entities, if any, which is having large exposure (as defined in RBI Circular Ref. DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019 on 'Large Exposures Framework') with the Bank of Maharashtra:-

Sr.No.	Name of entity	PAN	Exposure with Bank of Maharashtra	Nature of audit assignment and period

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

Signature of the Partner

(Name of the Partner)

M. No.

Date:

**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:

**MATRIX for Selection of SCA's in Maharashtra**

Additional Criteria for selection of SCA from the state of Maharashtra,

Bank will use MATRIX for selection of SCA's from the state of Maharashtra as under:

Top Districts in the state of Maharashtra

<b>Particulars</b>	<b>No of Zones</b>	<b>No of Branches</b>	<b>Advances</b>	<b>Deposits</b>	<b>Total Business</b>

The top 2 districts will be selected based on business followed by number of branches and zones.