

Policy for Appointment of Statutory Central Auditors (SCAs):

Government & Regulatory Guidelines:

Department of Financial Services, Ministry of Finance, Government of India vide its guideline 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. The Bank has a Board approved Policy for appointment of Statutory Central Auditors and Statutory Branch Auditors. RBI has issued the guidelines for appointment of Statutory Central Auditors for the year 2019-20 vide its letter No DBS. ARS. No.2435 / 08:01:003 / 2019-20 dated October 24, 2019 and for SBA it has issued the guidelines vide letter no Ref. DOS.ARG. No. 6022/ 08.04.003/2019-20 dated March 13, 2020. However, there are no major change in the present guidelines from that of the earlier guidelines. The same is now implemented for FY 2019-20 onwards.

Appointment of Statutory Central Auditors (SCAs):

Based on the guidelines issued by RBI for appointment of Statutory Central Auditors (SCAs), we propose to adopt the policy for appointment of SCAs as under:

- Bank being in category C, shall have maximum 4 SCAs. The SCAs have been appointed as decided by Board of Directors for the FY 2019-20. The cooling off period after completing the term of three years as SCA will be of three years. The appointment of SCAs will be made on an annual basis, subject to their fulfilling the eligibility norms prescribed by RBI from time to time and also subject to their suitability.
- The Statutory Central Auditors (SCAs), will be selected for appointment from the list provided by Reserve Bank of India.
- The allotment of vacancies of SCAs shall be in the ratio of 60:40 between 'Experienced' and 'New' audit firms. As regards ratio of 60:40, banks will round off the number to the nearest number and choose auditors from the 'Experienced' and 'New' firm list.

While making selection, the Bank shall take into consideration the following points:-

- As per the RBI guidelines 50% of the audit firms shall be from the place, where the HO or CO of the Bank is located, Considering the fact that majority of Branches of the Bank are located in Maharashtra, Bank shall give preference to the audit firms from the state of Maharashtra in selection process, however the firms from Bangalore / Hyderabad will also be considered at par with Mumbai / Pune. This will also help in reducing the audit expenses substantially.
- As far as possible, the Bank shall have at least two audit firms having their Head Office from Pune. But due to limited availability of SCA Audit Firm in Pune Bank May consider Mumbai also as local center for compliance of above clause.

However as per the amendment done by the board in its meeting dated 18th November 2019, the firms from Bangalore / Hyderabad will also be considered at par with Mumbai / Pune.

- Audit firms shall not be selected in the Bank, from where they have retired after completing their full tenure before going for cooling.
- The firms whose partner/s are on the Boards of PSBs shall not be appointed as auditors for the same PSB.
- An audit firm is eligible to be appointed as a Central auditor of only one Bank during a particular year.
- The Chartered Accountant firm/s, whose partner/s are serving on the Board of any Nationalized Banks/PSB as Part Time Non-Official Director/s under CA Director category, are not to be appointed as Statutory Central Auditor in any PSB.
- The auditors/audit firms, appointed as SCA of the Bank will be continued for period of three years subject to the firms satisfying the eligibility norms each year. Banks cannot remove the audit firms during the above period without the prior approval of the Reserve Bank of India.

* The SCA firms will undertake the audit as per the extant RBI guidelines and changes therein from time to time, including that of top 20 branches, Treasury & Investment Banking Branch (division) and Zonal Office of the Bank (as decided by the Bank from time to time).

* Remuneration to SCA firms shall be paid as per RBI guidelines issued from time to time (details of fee payable to SCAs for various assignments are enclosed herewith as Annexure-V).

* The bank shall submit feedback to RBI on the quality of audit by SCAs after completion of annual audit of the Bank.

* Norms on eligibility, empanelment and selection of Statutory Central Auditors issued by RBI are enclosed as **Annexure-I**.

- The procedure for appointment of Statutory Central Auditors (SCAs) is enclosed as **Annexure-II**.

➤ **Parameters for selection & appointment of SCA – (Annexure – III)**

RBI has directed that Bank will make parameters for shortlisting of the audit firms and get the parameters approved by the Board of Directors of the Bank. Accordingly, the Bank has adopted the broad parameters duly approved by the Board for shortlisting of the of audit firms for selection & appointment as Statutory Central Auditors of the Bank from the financial year 2018-19 onwards. The parameters are given in **Annexure III**.

- **Tax Audit:** Presently SCAs are jointly appointed as tax auditor of the Bank including consolidation of tax audit report received from branches and zones. The Bank intends to continue the same for FY 2019-20 onwards.

Policy for Appointment of Statutory Branch Auditors (SBAs):

Based on the guidelines issued by RBI for appointment of Statutory Branch Auditors (SBAs), the policy for appointment of SBAs as under:

- Statutory branch audit will be carried out for all branches with advances of Rs.20 crore & above and 1/5th of the remaining branches covering a representative cross section of rural/ semi-urban/ urban and metropolitan branches, predominantly including branches which are not subjected to concurrent audit, so as to cover 90% of advances of the Bank. CPCs/ and other centralized hubs irrespective of nomenclature would be included in the one fifth of the remaining branches every year.
- In respect of branches below the cut-off point, 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 and such Branches may not generally be subject to statutory audit.
- For appointment of statutory auditors for the selected branches the Bank shall select required number of SBAs from the list of eligible auditors/ audit firms provided by the RBI every year.
- 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.
- The firms whose partner/s are on the Board of the Bank shall not be appointed as auditor of the Bank.
- 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.
- The eligible Auditors / Audit Firms should be qualified under provisions of Section 226 of Companies Act, 1956 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 Auditor should not be indebted to the bank for amount exceeding the amount specified as per Companies Act.

- The Auditors / Audit firms or their partners/proprietor or their close relatives should not be a wilful defaulter of any other Bank / Financial Institutions.
- The Auditors / Audit Firms should not carry out any assignment of the internal audit of the Bank.
- The Auditors / Audit firms should not enter into sub-contract of the Audit assigned to them.
- Norms on eligibility, empanelment and selection of Statutory Branch Auditors issued by RBI are enclosed as **Annexure-IV**.
- 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-V**).
- The procedure for Appointment of Statutory Branch Auditors (SBAs) are enclosed as **Annexure-VI**.

1. Based on the above policy, the SCAs & SBAs shall be appointed annually from the list of eligible audit firms received from RBI.

2. The above policy are subject to changes as per RBI made in RBI guidelines from time to time and will be reviewed periodically as and when guidelines are revised by RBI in this regard. This policy will remain in force till the next review.

3. The bank shall place these guidelines on the Bank's website.

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.

Norms on eligibility, empanelment and selection of Statutory Central Auditors in Public Sector Banks from the year 2018-19 and onwards

i) The audit firm shall have a minimum of 7 full time chartered accountants, of which at least 5 should be full time partners exclusively associated* with the firm. Of these five full time exclusively associated* partners, one each should have minimum continuous association with the firm at least for 15 years and 10 years, two with a minimum continuous association of 5 years each and one with a minimum continuous association of one year. The remaining two could be either exclusively associated* partners or CA employees. There should be at least one year continuous association for both exclusive partners and CA employees. Four of the partners should be FCAs. Also, at least two of the partners should have minimum 15 and 10 years' experience in practice. (In case the paid Chartered Accountant available with the firm without any break was admitted as a partner of the said firm at a future date, his association with the firm as a partner will be counted from the date of his joining the firm as a paid Chartered Accountant.)

* 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) He should not be employed full time / part time elsewhere
- (c) He should not be practicing in 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
- (d) The total compensation@ of the partner from the firm should not be below the following limit:

In case the Head office of the firms located in

(i)	<u>Delhi, Mumbai, Chennai, Kolkata, Bangalore and Hyderabad</u>	
	ACA partner	Rs. 1.80 lakh in a year (Rs.15000/- per month)
	FCA partner	Rs. 3.00 lakh in a year (Rs.25000/- per month)
(ii)	<u>Other places</u>	
	ACA partner	Rs. 1.20 lakh in a year (Rs.10000/- per month)
	FCA partner	Rs. 1.80 lakh in a year (Rs.15000/- per month)

(e) A partner whose total compensation@ from the firm is less than the following will not be treated as exclusively associated with the firm:

Firms having more than 14 partners	1%
Firms having 10 to 14 partners	3%
Firms having 5 to 9 partners	5%
Firms having less than 5 partners	8%

@Total compensation =Sum total of share of profit, remuneration and interest on capital

(ii) The number of professional staff (excluding typists, stenographers, computer operators, secretary/ies and sub-ordinate staff etc.), consisting of audit and articled clerks with knowledge in book-keeping and accountancy and are engaged in outdoor audit should be 18.

(iii) The standing of the firm should be of at least 15 years which would be reckoned from the date of availability of one full time FCA continuously with the firm.

(iv) The firm should have minimum statutory central audit experience of 15 years of Public Sector Banks (before or after nationalisation) and/ or by way of statutory branch audit thereof or that of statutory audit experience of a private sector bank with deposits resources of not less than Rs.500 crore. (In case any of the partner of an audit firm is nominated / elected for a period of at least 3 years or more on the Board of any public sector bank then his / her such experience for a maximum period of three years will be considered as bank audit experience, provided such experience has not been earned by him/ her concurrently i.e. when his / her firm was assigned statutory audit of any PSB, select all India financial Institutions or RBI.)

(v) The firm should have statutory audit experience of 5 years of the Public Sector Undertakings (either Central or State Government undertaking).

(While calculating such experience, more than one assignment given to a firm during a particular year or more than one year's statutory audit (audits in arrears) assigned to the firm will be reckoned, as one year experience only, for the purpose of counting such experience.)



(vi) At least two full time partners of the firm or its paid full time Chartered Accountants must possess CISA /ISA qualification.

(vii) In case of merger and demerger of firms, merger effect will be given after 2 years of merger while demerger will be effected immediately.

Note-

1. C&AG will empanel the Audit Firms based on the above parameters as on January 1 of the relevant year and send the panel to RBI.

2. If any audit firm empaneled by C&AG with the position as on January 1 undergoes change in its constitution after empanelment date, the audit firm will take all necessary steps to become eligible within a reasonable time and in any case, audit firm should be complying with above norms [Para 1 (i) to (vii)] on eligibility, empanelment and selection of Statutory Central Auditors in Public Sector Banks hosted on RBI web site before the following events:

- a) Appointment of the audit firms by the PSBs as SCAs. For this, the audit firm while giving consent to PSB for appointment may ensure that it complies with the norms.
- b) Before commencement of Annual Statutory Audit for Financial Year ending 31st March and till the completion of annual audit.
- c) Quarterly Review of Accounts as on June 30, September 30 and December 31 every year till its completion.

In case any audit firm (after appointment) does not comply with any one of the norms (on account of resignation, death etc. of any of the partners, employees etc), it may promptly approach the PSB with full details. The PSB in turn may approach RBI.



Procedure for appointment of Statutory Central Auditors (SCAs):

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

- Selection of audit firms will be made from the list of audit firms provided by RBI.
- An internal Committee of comprising of following members will be formed:
 - a. General Manager, F M & A,
 - b. General Manager, Credit.
 - c. General Manager, Recovery & Legal.
 - d. General Manager, Credit Monitoring.
 - e. Dy. General Manager / Asst. General Manager, F M & A.

Deputy General Manager/Assistant General Manager, F M & A will act as member secretary to the Committee.

- The above Committee will shortlist audit firms from the list of SCA audit firms provided by RBI on the basis of RBI norms/guidelines as per requirement of the Bank.
- Ranking/grade of CAG as mentioned in RBI circular shall be considered in order of merit.
- Bank will consider the geographical location of the firms in both categories i.e experienced and new firms.
- Preference shall be given audit firms located at Pune and Mumbai.
- Bank will obtain willingness in writing from above shortlisted audit firm(s) to accept the assignment of Statutory Central Audit work of the Bank.
- The names of shortlisted audit firms will be placed before the MD & CEO (in his absence Executive Director) for approval. While shortlisting the Audit firms, the Committee will take into consideration, inter-alia, expertise of the firm, branch network and other related aspects.
- The list of shortlisted audit firms will be placed before ACB. The ACB will approve adequate number of audit firm (s) in order of preference. The number of audit firms approved should be adequate enough to take care of the situation where selected firms may not accept the assignment.
- Thereafter, Bank will approach the audit firms to obtain their consent in writing strictly in order of preference.



- If the approached audit firm does not give consent, the Bank will approach the next audit firm in order of preference for obtaining 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.
- The list of such selected firms (i.e. the firms who have given consent in the manner as stated above) who have given consent for appointment as Statutory Central Auditors (SCAs) will be then forwarded to RBI for final approval.
- The final list of selected audit firms as SCA's of the Bank will be placed to the Board of Directors for their information.
- Canvassing and soliciting in any manner to influence the above process may lead to disqualification of the audit firm.



Parameters for selection & appointment of SCA

Sr No.	Parameters for Shortlisting	Total marks	Marking of each parameter			
1	Number of Full Time Partners and Paid CA.	20	2 Mark for every 1 full time partners and paid CA, Maximum 20 Marks.			
2	Number of professional staffs the firm is having excluding typist, stenographer, computer operators.	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 years of Standing. Maximum 10 Marks.			
4	Number of years' experience of the firm in PSU audit.	5	1 Mark for every 5 years of PSU Audit Experience. Maximum 5 Marks.			
5	For number of audit as SCA of the Bank i.e Head Office. (Not applicable in case of audit firms eligible under new category)	15	For every one audit as SCA 4 mark, maximum 15 marks. For audit firms under NEW category NA.			
6	Number of years' experience of the firm in Bank audit.	10	Experience Firms: - For audit firms under experienced category 2 Mark for every 5 years of Bank Audit Experience, maximum 10 Marks. New Firms: - For audit firms under NEW category, 5 Mark for every 5 years of Bank Audit Experience, maximum 25 Marks.			
7	Number of branches other than the head quarter of the firm.	5	1 Mark for each branch office other than head quarter of the firm, maximum 5 Marks.			
8	Number of Partners / Employees having DISA/CISA Qualification.	10	2 Marks for every 1 DISA/CISA qualified partner maximum marks 10.			
9	Number of FCA in the firm.	10	1 Mark for every 1 FCA in the firm. Maximum 10 Marks.			
10	RBI Seniority List.	10	<table border="1"><tr><td>From Sr. No. 1 to 62- 10 marks.</td></tr><tr><td>From Sr. No. 63 to 112- 7.5 marks.</td></tr><tr><td>From Sr. No. 113 above- 5 marks.</td></tr></table>	From Sr. No. 1 to 62- 10 marks.	From Sr. No. 63 to 112- 7.5 marks.	From Sr. No. 113 above- 5 marks.
From Sr. No. 1 to 62- 10 marks.						
From Sr. No. 63 to 112- 7.5 marks.						
From Sr. No. 113 above- 5 marks.						
Total		100				



Annexure-IV

A. Norms for Empanelment of audit firms to be appointed as statutory branch auditors (SBAs) of the Banks.

Category	No. of CAs exclusively associated with the firm (Full time)	No. of partners exclusively associated with the firm (full time) (Out of 2)	Profe. 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.	2	2	2	Not necessary	3 years
	Even proprietorship concern without bank audit experience may be considered as hitherto. (The proprietary concerns of Chartered Accountants with 1 paid CA, 2 professional staff and not having any statutory branch audit experience of a nationalized bank or of a private sector bank will be treated at par with the partnership firm after deducting their 3 years seniority from the date of their establishment).				

B. PROCEDURE FOR APPOINTMENT OF STATUTORY BRANCH AUDITORS IN PUBLIC SECTOR BANKS

1. The norms for selection of branches of PSBs for statutory audit from the year 2016-17 and onwards will be based on the following:



- i. Statutory branch audit of PSBs may be carried out for all branches with advances of Rs.20 crore & above and 1/5th of the remaining branches covering a representative cross section of rural/semi-urban/urban and metropolitan branches, predominantly including branches which are not subjected to concurrent audit, so as to cover 90% of advances of a bank. CPUs/LPUs/and other centralized hubs by whatever nomenclature called would be included in the one fifth of the remaining branches every year.
- ii. In respect of branches below the cut-off point, which are subject to concurrent audit by chartered accountants, henceforth, LFARs and other certifications done earlier by SBAs will now be submitted by the concurrent auditors to Chairman of the Bank and such branches may not generally be subject to statutory audit. The banks in turn will consolidate/compile all such LFARs and other certifications submitted by the Concurrent Auditors and submit to Statutory Central Auditor as an internal document of the Bank.
- iii. Going forward, in mutual discussions with GOI and SCAs, based, inter alia, on the operational efficiency and robustness of CBS, system driven identification of NPAs, and integrity of MIS, managements of individual PSBs may decide on the threshold level of advances for the purpose of selecting branches for statutory audit.
- iv. Progressively, the threshold level of advances may be increased so that the number of branches to be taken up for statutory audit is phased down over a period of time.

2. The following procedure will be followed for appointment of Statutory Branch Auditors (SBAs) in Public Sector Banks (PSBs):

- i. The list of eligible auditors/audit firms will be prepared by the Institute of Chartered Accountants of India (ICAI) as per the norms prescribed by RBI.
- ii. The above list will be subjected to scrutiny by RBI for identifying the continuing and rested firms and excluding audit firms against whom adverse remarks/disciplinary proceedings are pending or who have been denied audit.
- iii. RBI will, thereafter, forward the final list of all eligible auditors/audit firms to PSBs for selection.
- iv. The PSBs will select the required number of branch auditors/audit firms. Banks will be required to clearly advise the audit firms selected for consideration of appointment that each audit firm can take up audit assignment (branch audit) in one PSB only. The audit firm should give their consent in writing for consideration of appointment in the bank concerned for the particular year and the subsequent continuing years.
- v. The consent given by an audit firm will be treated as irrevocable and request, if any, from audit firms for changing the bank, after giving its consent to the bank concerned will not be entertained.
- vi. After the selection of branch auditors, PSBs will be required to recommend the names of both continuing and selected branch auditors to RBI for seeking its prior approval before their actual appointment, as per statutory requirement.

3. SBAs will have a maximum tenure of four years. 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.

4. The number of eligible auditors / audit firms is more than the number of branches to be audited at the following 33 centres (viz. Mumbai, Kolhapur, Pune, Solapur, Thane, Kolkata, Chennai, Coimbatore, Delhi / New Delhi, Ajmer, Bikaner, Jaipur, Kota, Udaipur, Ahmedabad, Vadodara, Surat, Hyderabad, Chandigarh, Raipur, Faridabad, Gurgaon, Panchkula, Panipat,



Sonipat, Bangalore, Ernakulam, Indore, Nagpur, Ludhiana, Jodhpur, Bhilwara, and Ghaziabad). In such centres, the auditors/ audit firms will be put to a period of compulsory rest for two years after completion of four years of continuous branch audit. In other centres, where the number of eligible auditors / audit firms is less than the number of branches to be audited, the branch auditors on completion of four years of continuous branch audit will be subjected to the policy of rotation.

5. While allotting branches, banks are required to select auditors/audit firms which are in close proximity to their offices/branches. Banks are also required to have a suitable mix of various categories of auditors / audit firms while selecting the branch auditors keeping in view the size of the branches to be audited.

6. As regards statutory branch audit to be carried out by SCAs, banks 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.

C. General Guidelines applicable to SBAs:

(i) All PSBs are required to have a Board approved policy for appointment of statutory auditors and the same may be hosted on the bank's web-site. Banks are also required to ensure that the policy framed by the Board in the matter of selection of auditors/audit firms for appointment of auditors is strictly adhered to. Further, the list of firms selected for appointment as statutory branch auditors may be placed before the ACB/Board of bank before for its concurrence before it is forwarded to RBI for final approval.

(ii) The policy of one audit firm for one PSB will be continued. Accordingly an audit firm will be eligible to be appointed as a central/branch auditor of only one PSB during a particular year.

(iii) In order to protect the independence of the auditors/audit firms, banks will have to make the appointments of branch auditors for a continuous period of four years subject to the firms satisfying the eligibility norms each year. Banks cannot remove the audit firms during the above period without the prior approval of the Reserve Bank of India.

(iv) The firms whose partner/s are on the Boards of PSBs are not to be appointed as auditors of the same PSB.

Remuneration to Statutory Auditors:

(A).Remuneration for Central Audit work of the Bank:

The remuneration is fixed taking the specific areas of work of the Statutory Central Auditors as:

- a. Scrutiny and incorporation of returns of branches; and
- b. Audit of the Head Office as an accounting unit.

Regarding (a) above, the fees admissible to the statutory central auditors has been fixed at Rs.750.00 per branch in respect of all the branches of the bank in existence as on the date of reference for the audit, irrespective of the fact whether the branches have been taken up for audit or not.

Regarding (b) above, the fees admissible will be as under:

Category of banks (on the basis of balance sheet size)	Rate of audit fees in Rs.
Upto Rs.50,000 crore	7,06,200.00
Above Rs.50,000 crore and upto Rs.1,00,000.00 crore	7,83,200.00
Above Rs.1,00,000 crore and upto Rs.2,00,000.00 crore	8,42,600.00
Above Rs.2,00,000 crore and upto Rs.5,00,000.00 crore	9,02,000.00
Above Rs.5,00,000 crore	9,61,400.00

The total remuneration arrived at for (a) and (b) will be divided equally among all the Statutory Central Auditors of the bank.

(B).Remuneration for Branch Audit work of the bank:

The fees admissible for Branch Audit work of the bank will be as under:

Category of bank branch (on the basis of quantum of advances)	Rates of Audit Fee in Rs.
Upto Rs.10 crore	40,250.00
Above Rs.10 crore and upto Rs.20 crore	57,500.00
Above Rs.20 crore and upto Rs.30 crore	79,350.00
Above Rs.30 crore and upto Rs.50 crore	1,20,750.00
Above Rs.50 crore and upto Rs.75 crore	1,38,000.00
Above Rs.75 crore and upto Rs.125 crore	1,82,850.00
Above Rs.125 crore and upto Rs.175 crore	2.28.850.00
Above Rs.175 crore and upto Rs.300 crore	2.87.500.00
Above Rs.300 crore and upto Rs.500 crore	3.24.300.00
Above Rs.500 crore and upto Rs.1000 crore	3.59.950.00
Above Rs.1000 crore and upto Rs.5000 crore	3.95.600.00
Above Rs.5000 crore	4.31.250.00



(C).Fee for LFAR, Additional Certifications required by RBI, Auditing of Consolidated Financial Statements Quarterly / Half-yearly limited review:

RBI has advised that the PSBs may pay fee for

- LFAR of HO/ Controlling Offices at 25% of basic audit fee excluding fee for scrutiny and incorporation of branch returns; and that of branches at 10% of the basic audit fee payable for audit of respective branch.
- the additional certifications required by RBI @ 12% of the basic audit fee for the certifications / validations as listed in the aforesaid circular and any other certification / validation included from time to time as per RBI requirements.
- the purpose of auditing of Consolidated Financial Statements, a maximum of Rs.20,625.00 per subsidiary / associate whose accounts are to be consolidated in the balance sheet of the bank.
- carrying out quarterly / half-yearly limited review at 20% of the basic audit fee; and has also clarified that the revised basic audit fee payable from FY 2012-13 will be applicable for computing the fee for limited review from the quarters ending June 30, 2013 onwards

Remuneration for specialized branches, T.I.B.B, additional certificates by SEBI and other regulators, Tax Audit:

SN	ITEM	CURRENT FEE
4	Specialized branches having no advances.	Rs. 17,500/- per branch
5	T.I.B.B.	Rs. 2,00,000/-
6	Credit Processing Centres *	Rs. 20,000/- per CPC
7	Additional certificates required by SEBI / IDBI / SIDBI etc.	Rs. 1,25,000/- per certificate
8	Tax Audit Fee	Branches – 15% of basic audit fee ZO – 15% of the total audit fee payable in respect of the largest branch of the ZOs HO – 20% of basic audit fee



Procedure for Appointment of Statutory Branch Auditors (SBAs):

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

- A committee comprising General Manager, Deputy General Manager and Assistant General Manager, Financial Management & Accounts and 2 other General Managers nominated by MD-CEO (in his absence ED), as members will be formed to shortlist the new audit firms from the RBI list, and recommend to the Managing Director & CEO and in his absence to the Executive Director(s) for approval. The committee meeting will be chaired by senior-most official who is a member and quorum of the meeting shall be three.
- RBI vide their letter No,DBS.ARS.No.8004/8:91:001/201617 dated 13th April 2017 have informed the Bank about the development of a software by ICAI for appointment of Statutory Branch Auditors. Bank may acquire / use the software for allocation of SBA for financial year 2018-19 onward.
- The above Committee will shortlist / select the names of the audit firms from the RBI list as per the requirement of the Bank.
- The Bank shall obtain irrevocable consent in writing from the selected audit firms for consideration of appointment in the bank for the particular year and the subsequent years.
- The list of audit firms selected for appointment as statutory branch auditors shall be placed before the ACB for its approval/concurrence before it is forwarded to RBI for final approval.
- While allotting branches the Bank shall endeavour to select auditors/ audit firms which are in close proximity to their offices / branches as far as possible. The Bank shall also try to have a suitable mix of various categories of auditors / audit firms while selecting branch auditors keeping in view the size of branches to be audited and category norms of RBI from time to time. Norms for empanelment of audit firms to be appointed as SBAs as prescribed by RBI are given in **Annexure-IV**.
- 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.
- Canvassing and soliciting in any manner to influence the above process may lead to disqualification of the audit firm.