



THE UTTARSANDA PEOPLES CO OP BANK LTD.

BANK BUILDING, BAZAR, TA.:NADIAD, DIST.KHEDA, UTTARSANDA – 387 370

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Policy for Appointment of Statutory Auditor for F.Y.2021-22

Reserve Bank of India, vide its circular Ref No.RBI /2021-22/ 25 , DOS.Co.ARG/SEC.01/08.91.001/2021-22 Dated April 27,2021 has granted managerial autonomy to USBs in the matter of appointment of Statutory Auditor for F.Y.2021-22 and onward and a roadmap is rolled out to operationalize the same, our banks policy for appointment of statutory Auditor is based on the same.

1. Number of Audit Firms:

- 1.1. The Actual number of statutory Audit Firms to be appointed can be decided by the Board subject to the prescribed minimum one Audit Firm. It has been decided by the Bank's Board to have one Audit Firms as Statutory Auditor. However, the Board may review and decide on the number of Statutory Auditor firm any if felt necessary.
- 1.2. As per RBI guidelines, statutory Auditor has to visit and audit at least the Top 20% branches (in case of entities having less than 100 branches) to be selected in order to the level of outstanding advances , in such a manner as to cover a minimum of 15% of total gross advances of the bank.

But our bank being a small bank & having unit bank statutory auditor will visit the branch & cover the entire scope of audit including entire portfolio of advances.

2. Norms on Eligibility Empanelment and selection of Statutory Auditor.

2.1. The eligibility norms (as advised by the Reserve Bank Of India) are as under.

Asset Size as on 31st March of 2021	Minimum Number of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years	Out of total FTPs, Number of fellow chartered accountant(FCA) Partners associated with the firm for a period of at least three (3) years	Minimum No. of years of Audit experience of the firm.	Minimum No. of professional staff.
Up to Rs.1000 Cr	2	1	6	8
Notes	There should be at least one year continuous association of partners with the firm as on the date of short listing.	-	Audit experience shall mean experience of the audit firm as statutory central / branch Auditor of comm. Bank [excluding	Professional staff includes audit & article clerks with knowledge of Book keeping and accountancy and who are engaged in on site audits



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			RRBs/UCBs/NBFCs/AIFs] in case of - merger & demerger of audit firms merger effect will be given after 2 yrs of merger while demerger will be effected immediately for this purpose.	but excludes typist /stenos/computer operators/secretaries subordinates staff etc. There should be at least one year continues association of professional staff with the firm as on the date of short listing.
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2.2. The Statutory Auditor of the firm should have a fair knowledge of the functioning of the co- operative sector & shall preferably have working knowledge of the Gujarati Language.

2.3. 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 Regulations etc) it will promptly inform the bank with full details and the Bank, in turn will approach RBI.

Further, the audit firm shall take 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 the financial year ending 31st Mar & till the completion of annual audit.

2.4. In case of any extraordinary circumstances 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. Bank will approach RBI to allow the concerned audit firm to complete the audit, as a special case.

3. Procedure for selection and appointment of Statutory Auditors:

3.1. Bank will select audit firms considering the following points / parameters.

- As far as possible, at least two audit firms having their head office located at Kheda District.
- The firms whose partner/s or relatives of partners (as defined in Director's relatives in RBI master circular on Board of Directors) are on the Board of our bank will not be appointed as auditors of the Bank.

3.2. The Bank will prepare a list of at least 3 short-listed audit firms. The list of shortlisted audit firms will be place before Board of Directors. Board of Directors will approve at least 2 suitable audit firms in order of preference to take care of situations, where first preference is found to be ineligible/refuse appointment.



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However, in case of reappointment of Statutory Auditor till completion of tenure of continuous term of 3 years , there would not be any requirement of short listing & sending names of multiple audit firms to RBI while seeking approval of appointment.

The audit firm should give their consent in writing for consideration of appointment in our bank for the particular year and subsequent continuing years subject to their fulfilling The eligibility norms prescribed by RBI from time to time.

- 3.3. On due approval by Board of Directors, Bank will approach the audit firms to obtain their consent in writing strictly in order of preference .The audit firms should give their consent in writing for consideration of appointment. The bank for the particular year and The subsequent continuing years subject to their fulfilling the eligibility norms prescribed by RBI from time to time , if the approached audit firms does not give consent, the bank will approach the next audit firm in order of preferences for obtaining consent.

The consent letter should clearly state that the selection of the audit firm as Statutory Auditor is subject to approval of RBI and any force majeure events end, in such cases the audit firms will not have any claims against the Bank and RBI. The appointment of Statutory Auditor is subject to complying with the stipulated norms on eligibility issued by RBI from time to time.

- 3.4. Upon selection as Statutory Auditor in consultation with the Board of Directors and verifying their compliance with the eligibility norms as prescribed by RBI , The Bank will send the list of at least 2 audit firms (in order of preference),to RBI for its prior approval for appointment of Statutory Auditor.
- 3.5. While approaching RBI for its approval for appointment of Statutory Auditor, the Bank will indicate the total asset size as on March 31st of the previous year (audited figure) along with Board Resolution Recommending names of Audit firms for appointment in order of preference and Form- B and Form- C to facilitate expedite approval of appointment of Audit Firms.

4. Scope and periodicity of Audit:

The scope and periodicity of the Statutory Audit will be as per prevailing Statutory / regulatory guidelines issued by regulatory / supervisory authorities in this regard from time to time. In absence to any Statutory / regulatory guidelines , the Board of Director approved policy for the same will prevail.

5. Tenure and Rotation:

- 5.1. The Bank will make the appointment of Statutory Auditors for a continuous period of three years subject to the firms satisfying the eligibility norms each year.



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5.2. An Audit firm would not be eligible for reappointment in the Bank for six years (Two tenure) after completion of full or part of one term of the audit tenure.

6. Relinquishment of the internal assignments if any:

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

7. Other Guidelines:

- 7.1. The time gap between any non-audit works by the Statutory Auditors for the Bank should be at least one year before or after its appointment as Statutory Auditor.
- 7.2. Concurrent Auditor of the bank should not be considered for appointment as Statutory Auditor.
- 7.3. The restrictions as detailed in Para 3.3 and 3.4 will also apply to an audit firms under the same network of audit firms or any other audit firms having common partners.
- 7.4. The incoming audit firm shall not be eligible if it is associated with the outgoing audit firms under the same network of audit firms.
- 7.5. The Board of Directors shall monitor and assess the independence of the auditors. concerns in this regard will be flagged by the Board of Director to RO of RBI.
- 7.6. In case of any concern with the management of the Bank such as non availability of information /non co-operation by the management ,which may hamper the audit process , the Auditor shall have to approach the Board of the Bank under intimation to the concerned RO of RBI.

8. Number of Assignments:

One audit firm can concurrently take up Statutory audit of a maximum of four commercial Banks, eight UCBs & eight NBFCs during a particular year subject to compliances with required eligibility criteria and other conditions for each entity. The limit prescribed for UCBs does not include audit of the co-operative societies.

9. Professional Standards of Statutory Auditor:

The Board will review the performances of Statutory Auditors on an annual basis. serious lapse / negligences in audit responsibilities or conduct issues on the part of Statutory Auditor or any other matter considered as relevant shall be reported to RBI with approval /recommendations of the Board with full details of the audit firms within two months from completion of the annual audit.

10. Remuneration:

The audit fees for statutory audit will be decided by Board Of Directors and will be limited to the provisions of Gujarat Cooperative Societies Act.



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11. Removal:

Bank will not remove the audit firm during the above period without the prior approval of the Reserve Bank of India. The Board of Director of the Bank will be the complete authority to recommend removal of any Statutory Auditor to RBI.

12. Declarations / undertaking to be obtained from The Audit Firm:

A suitable undertaking from the firm to the effect that the Audit work will be carried out by their own staff & they will not subcontract the audit work.

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

None of the partners or the firm / company in which they are partners / Directors are defaulters in any Bank or Financial institutions.

Associate firms or sister concern of statutory Audit firms will be disqualified for internal assignment where the main firm / partners are allotted Statutory Audit in a particular year.

In event of lapses in carrying out audit assignments resulting in misstatements of Bank's financial statement and any violations / lapses vis a vis the RBI's directions / guidelines regarding the role and responsibilities of the Statutory Auditor will be liable to be dealt with suitably under the relevant Statutory / Regulatory frame work.

This Statutory Audit Policy is approved in Board of Directors meeting dated 28/05/2021 vide Resolution No.89.

The Uttarsanda Peoples Co Op Bank Ltd

Managing Director / Chairman