

SHIKSHAK SAHAKARI BANK LTD., NAGPUR

(Scheduled Bank)

Policy for the appointment of Statutory Auditor of the Bank

(Review Approved in Board of Directors meeting

dt. 24.01.2024 vide Res.No.6)

SHIKSHAK SAHAKARI BANK LTD., NAGPUR
(Scheduled Bank)

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1. Preamble

Since the Banking Regulation Act,1949(AACS) has been amended vide the Banking Regulation (Amendment) Ordinance,2020 dated June 26,2020, under Section 30(1A) of Banking Regulation Act 1949, all Urban Co-operative Banks are now required to obtain prior approval for appointment of Statutory Auditor from Reserve Bank of India (RBI), Department of Supervision, of concerned Regional Office of RBI. RBI has further suggested to formulate a Board Approved Policy and formulate necessary procedure thereunder to be followed for appointment of Statutory Central Auditors/Statutory Auditors. It has also suggested that the Approved Policy to be hosted on official website of the bank. Accordingly, to adhere these instructions, the following policy for the appointment of the Statutory Auditors has been prepared.

2. Meaning of Terms/Definitions:

- a) **Bank** : means Shikshak Sahakari Bank Ltd.(Scheduled Bank),Nagpur.
- b) **Board/BOD** : means the Board of Directors/Board of Management of Shikshak Sahakari Bank Ltd.(Scheduled Bank),Nagpur.
- c) **ARC Committee** : means Audit Review Committee of the Board
- d) **ACB Committee** : means Audit Committee of the Board.
- e) **Statutory Auditor Appointment Policy**: means Policy for the appointment of Statutory Auditor of the bank.
- f) **Statutory Auditor** : means Statutory Auditor Individual /firm//partners /LLP appointed for conducting an audit.
- g) **Full Time Partner (FTP)** : means partner associated with audit firm at least for 10 years.
- h) **Associate Chartered Accountant (ACA)** : means a candidate who has completed his qualification as Chartered Accountant or deemed to be in practice under Chartered Accountant Act 1949 .
- i) **Fellow Chartered Accountant (FCA)** : means Chartered Accountant of the firm having experience of more than 5 years or designated as Fellow by ICAI.
- j) **Entities** : means the bank regulated by Reserve Bank Of India.



- k) **SCA/SA** : means Statutory Central Auditor/Statutory Auditor.
- l) **LMC** : means Local Management Committee .
- m) **HAD** : means Head of Audit Department of the Bank.
- n) **BOM** : Board of Management of Shikshak Sahakari Bank Ltd.(Scheduled Bank),Nagpur.
- o) **RO** : means Regional Office of RBI
- p) **CISA/ISA** : means Certified Information System Auditor /Information System Auditor.
- q) **SSM**: means Senior Supervisory Manager
- r) **LLP** : means Limited Liability Partnership .
- s) **NFRA**: means National Financial Reporting Authority
- t) **ICAI** : means Institute of Chartered Accountants of India
- u) **CAATs**: means Computer Assisted Audit Tools and Techniques
- v) **GAS** : means Generalized Audit Software
- w) **AIFI**: means All India Financial Institution
- x) **RBI** : means Reserve Bank of India

3. Objectives :

To adhere the instructions issued by RBI and Provisions of the circular No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dtd. April 27,2021 applicable to the Entities with assets size above Rs.1000 Crore and above from the financial year 2021-22 or as instructed by RBI time to time.

4. Purpose :

As per RBI circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the Bank is required to formulate a Board Approved Policy and formulate necessary procedure thereunder to be followed for appointment of Statutory Auditor (SA). Apart from conforming to all relevant statutory/regulatory requirements in addition to these instructions, this should afford necessary transparency and objectivity for most key aspects of this important assurance function



5. Applicability:

This Policy will be applicable to the Bank for Financial Year 2021-22 and onwards in respect of appointment/reappointment of Statutory Auditor (SA).

6. Prior Approval of RBI:

The Bank is required to take prior approval of RBI (Department of Supervision) for appointment/reappointment of Statutory Auditors, on an annual basis. For the purpose, the Bank shall apply to The Department of Supervision, Regional Office, Reserve Bank of India, Nagpur before 31st July of the reference year.

7. Number of SCAs / SAs and Branch Coverage

The statutory audit of the bank shall be conducted under single audit firms [Individual/Partnership firms/Limited Liability Partnerships (LLPs)] taking into account the relevant factors such as the size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, availability of other independent audit inputs, identified risks in financial reporting, etc. The statutory auditor shall visit and audit all branches including extension counter and Head Office of the bank.

8. Eligibility Criteria of Auditors

The bank shall adhere to the minimum eligibility criteria on continue basis as mentioned in the RBI circular for appointment of the Statutory Auditors considering the asset size of the Bank.

- A. Basic Eligibility:** The Bank shall appoint audit firm as its SA fulfilling the eligibility norms as prescribed as under.



Sr.No.	Particulars	Remark
a.	Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years <i>* See Note-1 as below :</i>	Minimum 3 (Three)
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	Minimum 2(Two)
c.	Minimum No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification <i>** See Note-2 as below :</i>	Minimum 1 (One)
d.	Minimum No. of years of Audit Experience of the firm/auditor <i>*** See Note-3 as below :</i>	Minimum 8 (Eight)
e.	Minimum No. of professional staff <i>**** See Note-4 as below :</i>	Minimum 12 (Twelve)

Note 1 :

There should be at least one-year continuous association of partners with the firm as on the date of shortlisting for considering them as full time partners. Further, for appointment as SCAs/SAs the bank with asset size above Rs.1,000 Crore, at least two partners of the firm shall have continuous association with the firm for at least 10 years.

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.



