



**युनाइटेड बैंक ऑफ इंडिया / UNITED BANK OF INDIA**

**प्रधान कार्यालय: कोलकाता / Head Office: Kolkata**

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**Policy on appointment of Statutory Branch Auditors (SBAs) in the Bank:**

**1. Selection of Branches:**

- i. Statutory branch audit 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 the Bank. CPUs/LPUs/and other centralised 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 the Managing Director & CEO of the Bank (in his absence Executive Director/s of the Bank) and such branches may not generally be subject to statutory audit. The Bank 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 Gol and SCAs, based, inter alia, on the operational efficiency and robustness of CBS, system driven identification of NPAs, and integrity of MIS, management may decide on the threshold (which in case of our Bank is guided by para i above) 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. Tenure:**

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.

## 2.1 Appointment of Statutory Branch Auditors (SBAs) :

- 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 scrutinised 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 the Bank for selection.
- iv. The Bank will select the required number of branch auditors/audit firms. Bank 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, the Bank will 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.
- vii. 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.
- viii. From the list of eligible statutory branch audit firms provided by RBI/ CAG short listing would be done by selecting the audit firms in the following manner.
  - a) Local auditors would be preferred for branch audit. In case local auditors are not available, auditors from nearby districts with the state/ adjoining states/ other states would be considered for selection. The Bank shall have the option to allot the Branches for audit to various categories of audit firms as per its requirements.
  - b) To the extent possible, the audit firms will be selected taking into consideration their category in such a way that larger branches are audited by bigger/ reputed audit firms.
- ix. The policy of one audit firm for one PSB will be continued. Accordingly an audit firm will be eligible to be appointed as a Branch auditor of only one PSB during a particular year.
- x. The firms whose partner/s are on the Boards of PSBs are not to be appointed as auditors of the same PSB.

- xi. The total number of auditors/audit firms to be appointed as statutory branch auditors will be decided on the basis of the number of branches selected for statutory audit for the year 2017-18 as per the norms and keeping in view that not more than three branches (irrespective of the size) may be allotted to each of the branch auditors.
- xii. The list of Statutory Branch Auditors provided by RBI as continuing is considered for audit assignments. The residual auditors would be selected from list of recommended Non continuing Audit firms provided by RBI.

### **3. Allotment of Branches:**

While allotting branches, Bank will select auditors/audit firms which are in close proximity to our offices/branches. Bank is 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.

### **4. Removal:**

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

### **5. Undertakings/ Declarations by the Audit firm/ firms:**

A declaration shall be submitted by the auditors/ audit firm that –

- a) None of the disqualifications stipulated in Section 141 of the Companies Act 2013 or under any other law for the time being in force applies to them and they are qualified for appointment as statutory auditors of the Bank.
- b) There are no adverse remarks/ disciplinary proceedings pending/ initiated against the firm/ any of its partners/ proprietor on the records of ICAI, which would make them ineligible for appointment as auditors
- c) None of the partners of the audit firm or their spouse dependent children and wholly or mainly dependent parents, brothers, sisters or any of them, OR the firm/company in which they are partners/ directors are not indebted to our Bank.
- d) None of the partners / proprietor of the audit firm or their spouse, dependent children and wholly or mainly dependent parents, brothers, sisters or any of the partners / proprietors of the firm or the firm/ company in which their partners /directors have been declared as wilful defaulters by any bank / financial institutions
- e) The audit must be carried out by the firm's own staff and they should not sub-contract work in any manner whatsoever. A suitable undertaking shall be submitted by the audit firm to that effect.

f) Audit firms should not undertake statutory audit assignments while they are associated with internal assignments in the bank during the same year. In case the firms are associated with internal assignments, they should relinquish the internal assignments before accepting the statutory audit assignment during the year.

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

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