



# Colour Merchants' Co-operative Bank Ltd.

Since 1971 Head Office :Astodia Road , Ahmedabad-380 001.

Phone .No. : 22144708-80, Fax No.: 22111311

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Resolution No:9(7)    Date : 31/05/2021

Following Statutory Audit Policy as per bank is Unanimously passed.

## **Statutory Audit Policy and Appointment Procedure**

In terms of RBI Cir DoS .CO.ARG/SEC.01/08.91.001/2021-22 dated 27 April 2021, UCBs are required to appoint Statutory Auditor for FY 2021-22 onwards by itself with the prior approval of RBI. It is therefore resolved to frame following policy for Statutory Audit and Appointment Procedure.

1. Bank will have Statutory Audit of its Head Office as well as of all branches on quarterly basis.
2. The scope and coverage of Statutory Audit will broadly cover following aspects
  - i) Cash Management
  - ii) Funds Management
  - iii) Maintenance of CRR/SLR
  - iv) Bank/ branch reconciliation
  - v) Scrutiny of Purchase / sale of SLR /Non SLR securities
  - vi) Opening of all types of New Accounts
  - vii) Pre/Post disbursement supervision of loan accounts
  - viii) Adherence to RBI prudential norms on various aspects
  - ix) Classification of NPA
  - x) Sensitive accounts etc

And all other aspects which are pointed out in RBI Master Circular on Audit of UCB

3. Statutory Audit report will be put up to Audit committee regularly and its compliance will be ensured. Based on the audit report Audit Committee will issue necessary instructions to prevent reoccurrence same irregularities
4. Audit Committee review the effectiveness of Statutory Audit on yearly basis.
5. For Selection of Statutory Auditors bank will call for application from C A Firm and will also consider the application directly submitted by C A firms
6. Concurrent auditors of the bank will not be considered for appointment as Statutory Auditor of the bank
7. Time gap between any non-audit works by Statutory Auditor should be at least one year before or after its appointment as Statutory Auditor.

8. For selection of C A firm for Statutory Audit bank will consider following eligibility criteria
  - I) C A firm must have minimum two Full Time Partners(FTP) associated with firm for a period of last three years.
  - II) Out of total FTP, minimum one FTP must be Fellow Chartered Accountant (FCA) associated with firm for a at least three years
  - III) C A firm must have one FTP/paid C A with CISA/ISA qualification, however this condition is not mandatory for our bank
  - IV) C A firm must have minimum six years experience of audit of various banks
  - V) C A firm must have minimum eight professional staff
9. C A firms which comply with eligibility criteria as mentioned at item No 6, will selected for submitting its name in the order of preference to RBI for prior approval.
10. C A firms which are selected by the bank will have to submit Annexure II attached to above mentioned RBI cir of 27 April 2021 along with relative certificates/documents duly signed by main partner/s under the seal of audit firm.
- 11.
12. C A firm which will have RBI approval will be appointed as Statutory Auditor of the bank for a period of one term (three years).
13. Statutory Audit to the same firm will be renewed every year for maximum period of three years.
14. If the bank is not satisfied with the performance of C A firm, bank can remove C A firm as statutory Auditor with the prior approval of RBI
15. C A firm will not be eligible for reappointment as statutory Auditor of the bank for six years after Completion of full or part of one term of audit tenure
16. The audit fees of Statutory Auditors will be decided in terms of relevant statutory/regulatory provisions with mutual understanding on other expenses.