



EMPANELMENT, APPOINTMENT, RE-APPOINTMENT AND REMOVAL OF STATUTORY AUDITOR

Policy Applicable Date: 07.06.2025**Policy Review: Annually****1. Preface:**

The role of the Statutory Auditor has become increasingly vital in ensuring transparency, financial integrity, and trust. To ensure the quality of Audit and independence of Auditor Reserve Bank of India had issued guideline for Appointment of Statutory Auditors (SAs) which are applicable to Urban Cooperative Bank also.

This policy document has been formulated in adherence to the applicable guidelines issued by RBI and instructions issued by Central Registrar of Cooperative societies, to ensure transparent and smooth procedure for Empanelment, Appointment, Re-appointment/Removal of Statutory Auditor.

2. Reference:

RBI Guidelines (Notification No. RBI/2021-22/25 dated 27.04.2021), Multi State Cooperative Societies Act and ICAI Guidelines.

3. Authority:

Board of Directors.

4. Eligibility norms for Statutory Auditors:

Bank is required to appoint a minimum of one (1) audit firm as statutory Auditor. Maximum number of SAs shall be four (4) as per RBI Guidelines.

Following eligibility norms to be fulfilled by CA Firm/Firms for the empanelment with our bank:

(A) Basic Eligibility:

1. Statutory Auditor or Auditing firm shall be appointed from a panel approved by the Central Registrar.
2. Type of audit firm must be **Partnership Firm or Limited Liability Partnership (LLP)** with below mentioned prerequisite. (Applicable to UCBs having Asset Size above Rs. 1,000 cr. and up to Rs. 15,000 cr.)

| Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years | 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 No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification | Minimum No. of years of Audit Experience of the firm | Minimum No. of Professional staff |
|--|--|---|--|-----------------------------------|
| 3 | 2 | 1 | 8 | 12 |

(B) Other eligibility norms:

Other eligibility norms for statutory auditor as per RBI Guidelines are enumerated in **Annexure- A.**

(C) Non-adherence of eligibility norms after appointment:

If the statutory auditor(s) does/do not comply with eligibility norms after appointment, then procedure to be followed as enumerated in **Annexure- A.**

5. Procedure for Appointment, Re-Appointment, Removal and Casual Vacancy of Statutory Auditor:

Appointment:

Board shall propose appointment of Statutory Auditor, subject to approval by RBI and in annual general meeting, as per procedure laid down in **Annexure- B.**

Re-Appointment:

Board shall re-appoint Statutory Auditor, subject to approval by RBI and in annual general meeting as per procedure laid down in **Annexure- B.**

Removal:

Board shall remove Statutory Auditor subject to prior approval of RBI and approval in annual general meeting as laid down in **Annexure- B.**

Casual Vacancy:

Board shall fill any casual vacancy in the office of the statutory auditors as per procedure laid down in **Annexure- B**

Review of panel list:

Audit Committee shall review the performance of statutory auditor on an annual basis.

Audit Committee shall review "empanelment list" of panel approved by the Central Registrar at least once in every financial year. firms at least once in every financial year.

6. Remuneration of Statutory Auditor:

The audit fees for Statutory Auditor(s) shall be reasonable and commensurate with the scope and coverage of audit, size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, identified risks in financial reporting, etc.

Audit Committee shall make recommendation to board as per the relevant statutory/regulatory instructions for fixing audit fees.

Remuneration shall be fixed by the board, subject to approval in annual general meeting.

7. Undertakings/Declarations from Appointed Statutory Auditor:

Undertakings /Declarations are required to be obtained from appointed statutory auditor.

List of required Undertaking /Declaration are mentioned in **Annexure- C.**

8. Tenure of Statutory Auditor:

The tenure of statutory auditor will be continuous period of 3 years subject to the firms satisfying the eligibility norms each year, prior approval of RBI and annual re-appointment of auditor at annual general meeting.

An audit firm would not be eligible for reappointment after completion of full or part of one term of audit term (one term means continuous period of 3 years)

9. Publish on website:

Broad eligibility norms for empanelment of statutory auditors should be hosted on the bank's website.

CA firm may apply for statutory audit of the bank either online or physical.

10. Operating Procedure:

- ✧ Bank will host broad eligibility norms for empanelment of statutory auditors on website.
- ✧ Bank will consider applications from CA firms for empanelment either online or physical.
- ✧ Bank will analyze applications received on the basis of eligibility norms as per bank's policy and eligible firms will be incorporated in empanelment list
- ✧ Audit committee will shortlist CA firms from empanelment list for evaluation.
- ✧ After Evaluation, Audit Committee will recommend shortlisted CA firms, in order of preference, to Board.
- ✧ After verifying eligibility norms of these audit firms, Board shall propose at least two names for appointment of Statutory Auditor ,in the order of preference, and seek prior approval of RBI.
- ✧ After seeking prior approval of RBI, the audit firm will be appointed as Statutory Auditor in annual general meeting.

11. Applicability of Provisions:

All provisions of RBI Guidelines, ICAI Guidelines etc. related to Appointment, Re-appointment/Removal of Statutory Auditor are applicable.