

**Sri Sudha Co operative Bank Ltd.,**  
**R V Road , Bangalore 560004**



**Rules for Appointment of Statutory Auditor's**  
**(Approved Vide Board Resolution No. 19(2) Dated 30.11.2022)**

1) **Title :-**

These rules may be called “ Rules for appointment of statutory auditor’s ” for Sri Sudha Co operative Bank Ltd. It shall come into force from 27.04.2021.

2) **Definitions :-**

**Board means** “ the governing body of the Sri Sudha Co operative Bank Ltd by whatever the name called to which the management of the affairs of the Bank is entrusted”

**Co-operative Bank means** “ the Sri Sudha Co operative Bank Ltd registered under KCS Act 1959 , which is doing the business of banking”

**Statutory Auditor means** “ A person appointed to perform the Co operative Audit & KCS Act 1959 & rules 1960.

**Statutory Auditors means** “ A firm of Chartered Accountant’s who is also a member of the Institute of Chartered Accountants of India within the meaning of the Chartered Accountants Act , 1949 (Central Act No.38 of 1949)

**Chartered Accountant means** “ A member of the Institute of Chartered Accountants of India within the meaning of the Chartered Accountants Act , 1949 (Central Act No.38 of 1949) ”

**Director of Co operative Audit means** “ the head of the department of Co-op Audit who empaneling the CA’s to conduct the audit of Co-op Institutions under KCS Act 1959

**Co-operative Audit means** a Statutory audit conducted under Karnataka State co-op Societies Act 1959.



### 3) Eligibility Criteria for Appointment

#### a) Basic Eligibility

| Asset size of entity as on 31 <sup>st</sup> march of Previous year | Minimum No. Of Full Time partners (FTP's) associated with the firm for a period of atleast three (3) years<br>Note 1 | Out of total FTPs , Minimum No. of Fellow Chartered Accountant (FCA) Partners associated with the firm for a period of atleast three (3) years | Minimum No. Of Full Time partners / Paid CAs with CISA/ISA Qualification<br>Note 2 | Minimum No of years of Audit Expereince of the firm<br>Note 3 | Minimum No. of Professional Staff<br>Note 4 |
|--|--|--|--|---|---|
| Above ₹15000 Crore   | 5  | 4  | 2  | 15  | 18  |
| Above ₹1000 Crore and upto ₹15000 crore                            | 3  | 2  | 1  | 8   | 12  |
| Upto ₹1000 crore   | 2  | 1  | 1  | 6   | 8   |

- b) Continous Association means note 1 of Annexure 1 of RBI guidelines Vide No DoS.Co.ARG/SEC.01/08.91.001/2021-22 dated 27.04.2021
- c) CISA / ISA Qulification : CISA / ISA qualified CAs may be considered on priority basis as envisaged under note 2 of the guidelines of RBI
- d) Audit Expereince : Audit Expereince means the expereince of the audit firm as Statutory Central / Branch auditor of commercial bank's excluding RRB's / AIFIS / UCB's / NBFC's.
- e) Professional staff includes audit & article clerks with knowledge of book keeping & accountancy , engaged in on-site audits with minimum 1 year association with audit firm as on the date of empanelment
- f) Mandatory requirements : The Statutory auditor of the firm should have a fair knowledge of functioning of the Co-operative sector with read , write & understand the language of kannada.







- 4) **Tenure & Rotation :** The tenure of the appointment of statutory auditor's is for a continuous period of 3 years subject to fulfilling the eligibility criteria. However , Board reserves the right to replace them if their work is not satisfactory by recording the valid reason for replacement\*subject to prior approval of Reserve Bank of India.

\* (inserted w.e.f. 15.05.2023 vide circular resolution No.1)

5) **Procedure of Appointment of Statutory Auditor's**

- a) Two audit firm's which comply with the eligibility criteria shall be shortlisted by the board from the panel maintained by Director of Co-op audit or RBI as the case may be. However in case of re appointment , there would not be any requirement of shortlisting.
- b) While sending the shortlisted name of the firm for approval of RBI it should be sent in order of preference after verifying the compliance with eligibility criteria prescribed by RBI.
- c) The Board should verify the compliance of eligibility norms prescribed by the RBI before sending the proposal for approval.
- d) The statutory auditor's should submit Form-B along with relevant information to the Bank duly signed by the main partner's of the audit firm proposed for appointment of statutory auditor under their seal & signature.
- e) After verifying the Form-B & eligibility criteria , Form-C should be prepared & submitted to RBI along with the proposal.
- f) The audit firm is not eligible for re-appointment for a period of 6 yrs after completion of full or part of one term of audit tenure.

5) a) \* **Disqualification of Statutory Auditor's after appointment**

In case of any audit firm duly approved by RBI for statutory audit , subjected to action by Government agency , NFRA , ICAI , RBI , Direct of Co-op Audit or any any other financial regulators, which imposes financial penalty, prohibition to perform the audit etc., the entity shall approach the RBI for the fresh appointment of SA.

\* (inserted w.e.f. 13.04.2023 vide B.R.No.16(9))

6) **Review of Professional Standards**

The Board is at liberty to review the performance of the auditors on annual basis & report if any serious lapses to RBI within 2 months from the date of completion of audit. On the other hand the statutory auditor's are also at liberty to report to RBI if there is any non co-operation or any serious lapses on part of the Board.

7) **Audit Fees**

Audit fee payable to the audit firm is in accordance with the govt. order & the management is at liberty to negotiate the quantum of fees.





8) **Residual Clause**

Any difficulty arises in giving effect of the above rules or omission of any part of the guidelines, RBI circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 Dated 27.04.2021 is final & conclusive.

Sd/-  
General Manager

Sd/-  
President

Copy Attested

*[Signature]*  
15/05/2023  
General Manager