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) <u>Title</u>:-

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) <u>Definitions</u>:-

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)"

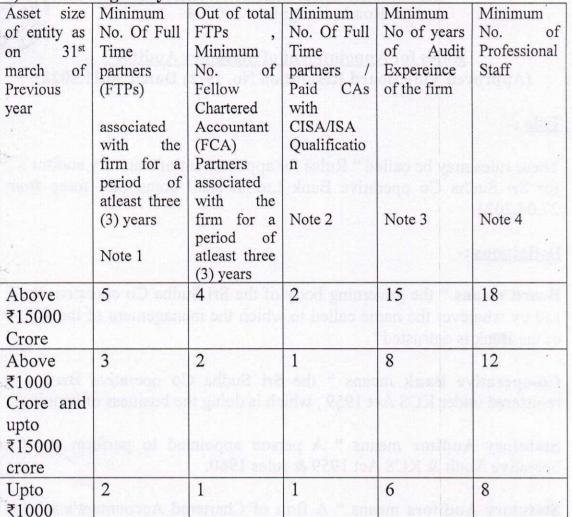
Director of Co operative Audit means "the head of the department of Co-op Audit who empaneling the CA's to conduct the audit of Co-op Institutions under KCS Act 1959

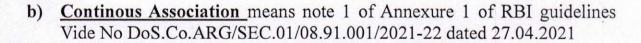
<u>Co-operative Audit</u> means a Statutory audit conducted under Karnataka State co-op Societies Act 1959.

3) Eligibility Criteria for Appointment

a) Basic Eligibility

crore





- c) <u>CISA / ISA Qulification</u>: CISA / ISA qualified CAs may be considered on priority basis as envisaged under note 2 of the guidelines of RBI
- d) <u>Audit Expereince</u>: 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) <u>Professional staff</u> 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

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