



Ahmednagar Zilla Prathamik Shikshak Sahakari Bank Ltd.
अहमदनगर जिल्हा प्राथमिक शिक्षक सहकारी बँक लिमिटेड

Head Office : Aikya Mandir, Anandi Bazar, Ahmednagar-414 001

Phone No. : (0241) 2345177, 2347245, 2340526

Out Word No. **330**

Date : **03/06/2023**

Policy for appointment of statutory auditors for FY 2023-2024

1. Appointment of statutory Auditors of the bank for FY 2023-24 will be done as per the guidelines issued under Section 30(1A) of the Banking Regulation Act, 1949, Section 10(1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 and Section 41(1) of SBI Act, 1955; and under provisions of Chapter IIIB of RBI Act, 1934 for NBFCs.
2. We will be required to take prior approval of RBI (Department of Supervision) for appointment/reappointment of Statutory Auditors on an annual basis in terms of the above-mentioned statutory provisions.
3. Our Bank is required to appoint audit firm(s) as statutory Auditor fulfilling the eligibility norms as prescribed in **Annex I** and as per additional considerations given their in. (Attached in the end)
4. In case of our bank the Board of Directors shall monitor and assess the independence of the auditors. Any concerns in this regard may be flagged by the Board of the bank to the concerned SSM/RO of RBI. In order to protect the independence of the auditors/audit firms Bank will have to appoint the statutory Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. But our bank can remove the audit firms during the above period only with the prior approval of the concerned office of RBI (Department of Supervision).
5. The audit fees for Statutory Auditors of our bank shall be paid by bank and will be decided in terms of the relevant statutory/regulatory provisions (I.e. Revised structure for Remuneration of statutory auditors of Cooperatives, Dated 29.10.2014)
6. The statutory auditors shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence.
7. The appointment procedure will be done as per the RBI guidelines issued under RBI Circular No- RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22/ dated 27.4.2021, which is given in Annexure II and consideration given their in. (Read the circular)
8. Our bank is Urban Cooperative bank (Salary Earners Bank) and is having the asset size above Rs.1000 cr and up to Rs.15000 cr. Category as on 31.3.2023.
9. We hereby invite application along with relevant documents for appointment of Statutory Auditors for FY 2023-2024 to be submitted in hard copy to the Head Office of Bank on or before 11 July 2023.

For Ahmednagar Zilla Prathamik Shikshak Sahakari Bank Ltd


(D.V. Mardare)
Chief Executive Officer
A.Z.P.S.S. Bank Ltd.
Ahmednagar



**Eligibility Criteria for Appointment as SCA/SA****A. Basic Eligibility**

Asset Size of Entity as on 31st March of Previous Year	Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years Note 1	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 Note 2	Minimum No. of years of Audit Experience of the firm Note 3	Minimum No. of Professional staff Note 4
Above \square 15,000 crore	5	4	2	15	18
Above \square 1,000 crore and Up to \square 15,000 crore	3	2	1	8	12
Upto \square 1,000 crore	2	1	1*	6	8

* Not mandatory for UCBs/NBFCs with asset size of upto \square 1,000 crore.

Note 1: There should be at least one-year continuous association of partners with the firm as on the date of empanelment (for PSBs)/ shortlisting (for other Entities) for considering them as full time partners. Further, for appointment as SCAs/SAs of all Commercial Banks (excluding RRBs), and other Entities with asset size above \square 1,000 crore, at least two partners of the firm shall have continuous association with the firm for at least 10 years.

For all Commercial Banks (excluding RRBs), and UCBs/NBFCs with asset size above \square 1,000 crore, the full-time partner's association with the firm would mean exclusive association. The definition of 'exclusive association' will be based on the following criteria:

- The full-time partner should not be a partner in other firm/s.
- She/He should not be employed full time / part time elsewhere.
- She/He should not be practicing in her/his own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.
- In case of PSBs, the income of the partner from the firm/LLP should not be below the threshold limits prescribed by the Office of C&AG for the purpose of consideration as full-time partners for appointment as auditors of Public Sector Undertakings. For other Entities, the Board/ACB/LMC shall examine and ensure that the income of the partner from the firm/LLP is adequate for considering them as full-time exclusively associated partners, which will ensure the capability of the firm for the purpose.

Note 2: CISA/ISA Qualification:

For UCBs and NBFCs with asset size upto \square 1,000 crore, there is no minimum requirement in this regard. However, such Entities may give priority to firms with full time partners or full time CAs having CISA/ISA qualification. There should be at least one-year continuous association of Paid CAs with CISA/ISA qualification with the firm as on the date of empanelment (for PSBs)/ shortlisting (for other Entities) for considering them as Paid CAs with CISA/ISA qualification for the purpose.

Note 3: Audit Experience:

For Commercial Banks (excluding RRBs), audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/ AIFIs. For UCBs and NBFCs, audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/ UCBs/NBFCs/ AIFIs. In case of merger and demerger of audit firms, merger effect will be given after 2 years of merger while demerger will be effected immediately for this purpose.

Note 4: Professional Staff

Professional staff includes audit and article clerks with knowledge of book-keeping and accountancy and who are engaged in on-site audits but excludes typists/stenos/computer operators/ secretaries/subordinate staff, etc. There should be at least one-year continuous association of professional staff with the firm as on the date of empanelment (for PSBs)/ short listing (for other Entities) for considering them as professional staff for the purpose.

B. Additional Consideration

(i) The audit firm, proposed to be appointed as SCAs/SAs for Entities, should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.

(ii) The audit firm should not be under debarment by any Government Agency, National Financial Reporting Authority (NFRA), the Institute of Chartered Accountants of India (ICAI), RBI or Other Financial Regulators.

(iii) The Entities shall ensure that appointment of SCAs/SAs is in line with the ICAI's Code of Ethics/any other such standards adopted and does not give rise to any conflict of interest.

(iv) If any partner of a Chartered Accountant firm is a director in any Public Sector Bank (PSB), the said firm shall not be appointed as SCA/SA of any PSB. Further, if any partner of a Chartered Accountant firm is a director in any Entity, the said firm shall not be appointed as SCA/SA of any of the group entities¹³ of that Entity.

(v) The auditors for Entities with asset size above ₹1,000 crore should preferably have capability and experience in deploying Computer Assisted Audit Tools and Techniques (CAATTs) and Generalized Audit Software (GAS), commensurate with the degree/ complexity of computer environment of the Entities where the accounting and business data reside in order to achieve audit objectives.

(vi) For audit of UCBs, the SA of the firm should have a fair knowledge of the functioning of the cooperative sector and shall preferably have working knowledge of the language of the state in which the UCB/branch of the UCB is located.

C. Continued Compliance with basic eligibility criteria

In case any audit firm (after appointment) does not comply with any of the eligibility norms (on account of resignation, death etc. of any of the partners, employees, action by Government Agencies, NFRA, ICAI, RBI, other Financial Regulators, etc.), it may promptly approach the Entity with full details. Further, the audit firm shall take all necessary steps to become eligible within a reasonable time and in any case, the audit firm should be complying with the above norms before commencement of Annual Statutory Audit for Financial Year ending 31st March and till the completion of annual audit.

In case of any extraordinary circumstance after the commencement of audit, like death of one or more partners, employees, etc., which makes the firm ineligible with respect to any of the eligibility norms, RBI will have the discretion to allow the concerned audit firm to complete the audit, as a special case.

¹³ For the purpose of this circular, Group entities shall mean two or more entities related to each other through any of the following relationships, viz. Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter-promotee [as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997] for listed companies, a related party (defined in terms of AS 18), Common brand name, and investment in equity shares of 20% and above.

