



भारतीय रिजर्व बैंक
RESERVE BANK OF INDIA

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April 27, 2020

The Chief Executives of all Public Sector Banks

Madam/Dear Sir,

Statutory Branch Audit of Public Sector Banks (PSBs) FY 2019-20 – Revision in guidelines on account of COVID-19

In view of the difficulties expressed by certain banks in the matter of conducting Statutory Branch Audit in PSBs on account of lockdown situation prevailing due to the spread of COVID-19 in the country, the matter was examined by RBI.

2. In this connection, a reference is invited to the extant Norms on eligibility, empanelment and appointment of Statutory Branch Auditors of Public Sector Banks applicable for the FY 2019-20, which inter alia states that, “Statutory branch audit of PSBs may be carried out for all branches with Advances of ₹ 20 crore & above and 1/5th of the remaining branches covering a representative cross section of rural/semi-urban/urban and metropolitan branches, predominantly including branches which are not subjected to concurrent audit, so as to cover 90% of advances of a bank. CPUs/LPUs/and other centralized hubs by whatever nomenclature called would be included in the one fifth of the remaining branches every year.”

3. Based on the review undertaken, as a special case, it has been decided to modify the above quoted requirements for coverage of statutory audit. As per the revised guidelines, “Statutory branch audit of PSBs may be carried out so as to cover 90% of all funded and 90% of all non-funded exposures of the bank. The banks may try to ensure that the selection of branches and centralised hubs for statutory audit include a representative cross section of rural/semi-urban/urban and metropolitan branches,

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

including branches which are not subjected to concurrent audit.” This is expected to give some flexibility to banks to reduce the number of branches covered under branch audit without compromising on the percentage of coverage of business of the bank.

4. In case of banks where the branch audit exercise for FY 2019-20 has already witnessed progress as per extant guidelines, the relaxations in coverage may be utilised, to the extent required, so as to address disruptions faced due to the current situation.

5. Depending on the impact of corona virus and lockdown situation in specific areas, PSBs may take adequate precautionary measures to ensure safety of concerned auditors and bank officials by implementing such procedures that may be required, including making arrangements to provide documents/information required by auditors through electronic medium wherever feasible and minimize physical movement by judicious allocation of branches.

6. Banks facing problems, if any, on account of refusals to take up assignments by the branch auditors, may approach RBI for approval to appoint additional audit firms selected from the list of recommended audit firms made available by RBI.

7. The date for submission of branch allocation details to RBI has been extended from the earlier conveyed date of April 30, 2020 to June 15, 2020.

8. All other instructions issued by RBI pertaining to Statutory Branch Audit as communicated from time to time remain unchanged.

9. The contents of this letter shall immediately be brought to the attention of the Audit Committee of the Board (ACB) as well as the Statutory Central Auditors of the respective banks.

Yours faithfully,

Sd/-

(Ajay K Choudhary)
Chief General Manager

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