



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

Ref. DBS.ARS.No.BC. 08/ 08.92.001/ 2012-13

June 25, 2013

CONFIDENTIAL

The Chairman & Managing Director, all Nationalised Banks and
The Managing Director, Associate Banks of SBI

Dear Sir,

**Remuneration payable to the Statutory Central and
Branch Auditors of Public Sector Banks from the year 2012-13**

Please refer to instructions contained in our circulars DBS.ARS.No.BC.08 / 08.92.001/ 2006-07 dated June 6, 2007, DBS.ARS.BC. No. 3/ 08.92.001/ 2007-08 dated July 25, 2007, DBS.ARS.BC. No. 07/ 08.92.001/ 2007-08 dated December 20, 2007 and DBS.ARS.BC. No.09/ 08.92.001/ 2009-10 dated December 31, 2009 on the captioned subject. It has been decided to revise the remuneration payable to the statutory central and branch auditors of public sector banks from the year 2012-13.

A. Remuneration for Central Audit work of the bank

As hitherto, for fixing the remuneration, specific areas of work of the auditors, which have to be taken into account, shall continue to be:

- (a) scrutiny and incorporation of returns of branches and
- (b) audit of the Head/Central Office as an accounting unit.

Regarding (a) above, the fees admissible to the statutory central auditors has been fixed at ` 750/- per branch in respect of all the branches of the bank in existence as on the date of reference for the audit, irrespective of the fact whether the branches have been taken up for audit or not.

Yours faithfully,
CGMICD, SBI
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CGMICD, SBI

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As regards (b) above, the fees admissible will be as under :

Category of banks (on the basis of balance sheet size)	Rate of audit fees (₹)
Up to ` 50000 crore	706200/-
Above ` 50000 crore and up to Rs.100000 crore	783200/-
Above ` 100000 crore and up to Rs.200000 crore	842600/-
Above ` 200000 crore and up to ` .500000 crore	902000/-
Above ` 500000 crore	961400/-

Note: The total remuneration arrived at for A (a) and A (b) above will be divided equally among all the statutory central auditors of the bank concerned.

As hitherto, no separate fee will be payable to the statutory central auditors in respect of Regional, Zonal or Divisional Offices or other Controlling Offices by whatever name they are called. In case the bank intends to appoint a separate auditor for the above offices, fee paid for such auditor should be based on the quantum of advances.

B. Remuneration for Branch Audit work of the bank

Category of bank branch (on the basis of quantum of advances)	Rates of audit fees (₹)
Up to ` 10 crore	40250/-
Above ` 10 crore up to ` 20 crore	57500/-
Above ` 20 crore up to ` 30 crore	79350/-
Above ` 30 crore up to ` 50 crore	120750/-
Above ` 50 crore up to ` 75 crore	138000/-

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Branches	10% of the basic audit fee payable for audit of respective branch.
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In respect of branches below the cut-off point of the threshold limit of branches to be taken up for statutory audit, as stipulated from time to time, which may not generally be subjected to statutory audit but are subjected to concurrent audit by chartered accountants and where LFARs and other certifications done earlier by SBAs are required to be submitted by the concurrent auditors, the fees payable to the concurrent auditors may be based on the above prescription.

No separate TA/HA shall be payable for LFAR / Tax Audit of Head / Controlling Offices and branches.

D. Fees for additional certifications

It has been decided that an additional remuneration @ 12% of the basic audit fees shall be payable for the following certifications/validations required to be made in terms of various circulars/guidelines issued by RBI and any other certification/validation included from time to time as per RBI requirements.

- i) Verification of SLR requirements under Section 24 of BR Act, 1949 on 12 odd dates in different months in a year, not being Fridays.
- ii) A certificate to the effect that the bank has been following RBI guidelines regarding (a) asset classification, (b) income recognition (c) provisioning, and also to the effect that the bank has followed RBI guidelines in regard to the investment transactions/treasury operations.
- iii) A certificate in respect of reconciliation of bank's investments (on own account as also under PMS).
- iv) A certificate for compliance in key areas by the banks.
- v) A certificate in respect of custody of unused BR forms.

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- vi) Authentication of bank's assessment of Capital Adequacy Ratio in the 'Notes on Accounts' attached to the balance sheet and various other ratios / items to be disclosed in the 'Notes on Accounts'.
- vii) Certificate regarding loan portfolio review if the bank seeks World Bank assistance (Capital Restructuring Loan).
- viii) Certification regarding DICGC items.
- ix) Verification of SLR and CRR returns submitted by the bank to RBI during the period under audit and confirming the same to RBI and the bank under audit.
- x) To comment upon the status of compliance by the bank as regards the implementation of the recommendations of the Ghosh Committee and the Working Group on internal controls.
- xi) Commenting upon the credit deposit ratio in the rural areas as per the instructions of Government of India.
- xii) Reporting of instances of suspected fraud if any, noticed during the course of statutory audit as per Mitra Committee Recommendations.

As hitherto, no fee is payable to branch auditors for additional attestations.

E. Fees for additional certifications required by Securities and Exchange Board of India (SEBI)

As regards fee for additional certificates / attestations prescribed by SEBI and other regulators, the banks may decide in consultation with the Audit Committee of the Board/ Board.

F. Fees for auditing of consolidated financial statements

For this purpose banks may pay a maximum of Rs.20,625/- only per subsidiary / associate whose accounts are to be consolidated in the balance-

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(R. K. Panda)
General Manager

Endt.DBS.ARS.No. 18173 / 08.92.001 / 2012-03 of date.

Copy forwarded for information and necessary action to the

- 1) Chief General Manager-in-Charge, Department of Government and Bank Accounts, CO, RBI, Mumbai.
- 2) Chief General Manager, Secretary's Department, CO, RBI, Mumbai.
- 3) Chairman, SIDBI, Mumbai.
- 4) Chairman, NABARD, Mumbai.
- 5) Managing Director, Export-Import Bank of India, Mumbai
- 6) Chairman, National Housing Bank, New Delhi
- 7) **President, Institute of Chartered Accountants of India, New Delhi.**
- 8) The Joint Secretary, Government of India, Ministry of Finance, Banking Division, New Delhi – 110 001.

Sd/-

(Neena Asthana-Amin)
Assistant General Manager

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