



Indian Banks' Association

No.CE/2020-21/
April 7, 2020

Shri M. K. Jain,
Deputy Governor,
Reserve Bank of India,
Mumbai

Dear Sir,

Annual Closing: Statutory Audit

Every year, as part of annual closing exercise, select branches having more than twenty crores of advances and one fifth of the remaining branches are subjected to statutory audit whereby Branch Statutory Auditors visit the branches to verify and certify the related annual closing returns.

2. This year, because of unprecedented Covid-19 contagion and subsequent countrywide lockdown and emphasis on social distancing, bank branches are operating only on a limited scale. As such, it would be real challenge for the Branch Statutory Auditors to physically cover all the required number of branches for statutory audit within the stipulated timeframe. We, therefore, suggest that banks should be given the discretion to select a minimum of 50 branches or more covering 60% of the credit portfolio of the bank as a whole. Furthermore, Branch Statutory Auditors should conduct the audit operations from a remote location primarily relying on the data available in CBS and they should physically visit the branches only for urgent and unavoidable matters. Alternatively, branches can provide required data/documents through electronic mode also. In any case, at the time of consolidation, the Central Statutory Audit can always access the CBS data or other source for any further clarification/verification which will guard against any dilution in the process.

3. We request you to consider the above suggestions to enable the Banking Industry to overcome the current crisis arising out of Covid-19 pandemic especially in view of social distancing and allow both the banks and Statutory Auditors to complete the annual closing exercise without much disruptions.

4. Hope our request will find your kind consideration in the best interest of the banking industry in the present prevailing circumstances.

Yours faithfully,

(Sunil Mehta)
Chief Executive