

THE JAIPUR CENTRAL CO-OPERATIVE BANK Ltd., JAIPUR

Resolution No. 01.....

Dated 26/08/2022

AUDIT POLICY

Introduction:-

It is an undisputed fact that for any organization to grow and function smoothly and effectively its top management should be kept informed of its way of internal functioning and also the areas of weaknesses, loopholes, lapses and serious irregularities such as frauds along with ways and means to correct such deficiencies.

With this in view, the The Jaipur Central Co-operative Bank Ltd. Jaipur evolved and laid down an audit policy comprising of the salient features of Internal audit, Statutory Audit and IS Audit.

The audit policy is framed scrupulously following the order/guidelines issued from time to time by the RBI/NABARD/Co-operative Department with a profound hope that this policy would ensure protection of interest of the investors and all those connected, so that the Bank can function on prudential lines.

1. STATUTORY AUDIT POLICY

BACKGROUND:-

Provisions contained in section 30(1A) of Banking Regulation Act 1949 have since been made applicable to all cooperative banks vide clause (J) of Banking Regulation (Amendment) Act, 2020. Accordingly, State Co-operative Bank, Central Co-operative Banks are now statutorily required to obtain prior approval of RBI for appointment /reappointment/ removal of any statutory auditors. Reserve Bank of India has therefore, vide their Circular.No: DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 issued detailed guidelines to all regulated entities for the same w.e.f. April 01, 2021.

Based on the RBI/NABARD/Rajasthan Co-operative society Act 2001 guidelines, this policy for Appointment/Reappointment/Removal of Statutory Auditor/s is formulated as under:

OBJECTIVE OF THE POLICY:-

The objective of this policy is to provide guidance on Appointment/Reappointment/ Removal of Statutory Auditors of the Bank by laying down eligibility criteria of selection of Statutory Auditor Firm.

1. SCOPE OF THE POLICY

This policy is applicable for Appointment/Reappointment/Removal of Statutory Auditor of the Bank In terms of Reserve Bank of India /NABARD/Rajasthan Co-operative society Act 2001 directives issued/may be issued from time to time in this regard.

2. APPOINTMENT

The appointment of the audit firm will be for one year. Appointment will be done annually on the basis of Rajasthan Co-operative Society Act, 2001 and direction issued by RBI/Nabard.

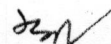
3. ELIGIBILITY CRITERIA

As per RBI/NABARD/Rajasthan Co-operative society Act 2001 guidelines, following Eligibility Criteria will be considered for appointment of Statutory Auditors in bank:-

1. Firm must be a Chartered Accountants as defined in the Chartered Accountant Act, 1949 (Central Act No. 38 of 1949)
2. Firm should be empanelled by Registrar, Co-operative Rajasthan, Jaipur.
3. Firms head Office/Branch office should be in Jaipur District.
4. Appointment of the Firm will be for one year provided further that no auditor or auditing firm shall be appointed for the audit of the accounts of the Bank for more than two years in continuation
5. The audit firm should have minimum 3 years experience of audit as Statutory Auditor of Commercial Banks/ Co-operatives Banks. It is desirable that Audit Firm should have experience in Audit of Co Operative Bank.
6. Firm should not have been blacklisted by any financial institution/government departments/other institutions.
7. Other specified condition prescribed by RBI/Nabard/Co-operative Department time to time will be applicable.
8. In Case of any partner of a Chartered Accountant firm is a director in the Bank , the said firm shall not be appointed as auditor of the Bank.

4. Appointment

Appointment of statutory auditor will be done by Bank as per directions of RBI/NABARD and will be according to Rajasthan Co-operative Society Act, 2001



2. IS Audit Policy

1. Basis for IS Audit Policy

The framework and policy formulation for audit of technological risks has emanated from the report of working group constituted by RBI for finalizing the standards and procedures for IS Audit and IS security for the banking and financial sector, titled 'Information systems Audit Policy' including Information system Security guidelines and latest RBI working group guidelines on electronic banking and information security published in April 2011 and Nabard direction for IS Audit.

2. Objectives & Scope of IS Audit.

2.1 Objectives

It is essential for the Bank to ensure that its Systems Assets/Resources and IT Processes are dependable, controlled and protected from misuse at all times. As part of the confirmatory process, it follows that all IT systems are audited at periodic intervals.

Major objectives of the Information Systems Audit Policy:

- Safeguarding Information Systems Assets/Resources and IT Processes
- Verification of Data integrity and Security
- Evaluation of System effectiveness and efficiency:
- Verification of compliance to internal guidelines & procedures in addition to legal, regulatory and statutory requirements.

Verification of compliance to internal guidelines & procedures in addition to legal, regulatory and statutory requirements.

- Evaluate the level of compliance on adherence to maintenance of Integrity, Confidentiality, Reliability, Availability and Dependability of information resources;
- Legal, Regulatory and Statutory requirements,
- Internal Policy and Procedures based on prescribed standards and guidelines.

2.2 Scope of IS Audit:

The scope of IS audit includes the collection and evaluation of evidence / information to determine whether the Information Systems in use safeguards the assets, maintain data security/integrity/availability, achieve the organizational goals effectively and utilize the resources efficiently. It also includes the processes for the planning and organization of the Information Systems activity, the processes for monitoring of such activities and the examination of the adequacy of the organization and management of the IS specialist staff and non-specialists with IS responsibilities to address the IS exposures of the organization.

The IS audit covers all the computerized departments/offices of the Bank including Head Office and Branches under Core Banking Solution ATM in Branches, NEFT/RTGS Cell, and any other new area of IT implemented / to be implemented by the Bank. In short, it includes all the activities/areas of the organization, where IT systems are used for business purposes,

3. BASIC ELIGIBILITY

1. Our bank should appoint minimum of one audit firm for conducting Information System Audit.
2. Firm should be a Registered Firm.
3. Information System Auditor/Information System Audit Firm should have CISA or DISA (offered by ICAI), or CISSP (offered by ISC2).
4. Information System Auditor/Information System Audit Firm should not have been blacklisted by any financial institution/government departments/other institutions. Further the name of Information System Auditor/Information System Audit Firm should not have been in the defaulters/barred/caution list published at websites of the RBI, IBA, ECGC, SEBIT, CICs etc. Information System Auditor/Information System Audit Firm should furnish self-attested affidavit on stamp paper in this regard.
5. Firms head Office/Branch office should be in Jaipur District.
6. In Case of any partner of a Chartered Accountant firm is a director in the Bank , the said firm shall not be appointed as auditor of the Bank.

4. Appointment:-

The appointment of the audit firm will be for one year. Appointment will be done annually by Managing Director of Bank.

3. Internal Audit Policy:-

1. Objective and Scope of the policy:-

A periodic Internal audit is required to monitor the bank's system of internal control and procedures. Good internal audit process helps the management in the effective discharge of its responsibilities. It gives them the assurance of the risk and operational performance of the bank. Based on the volume and value of its transactions.

2. Scope of the Internal Audit:-

- 1). Evaluating the effectiveness of the internal control systems and monitor its application.
- 2). Review the adequacy of the risk management procedures ,Financial work of the bank and methodologies
- 3). Checking the efficiency of routine operations of the bank
- 4). Evaluate the reliability and accuracy of the financial records and reports
- 5). Review the management information system and the efficiency of the electronic banking services
- 6). Implementation of policies and procedures and ensure its effectiveness
- 7). Ensure that the procedures comply with the legal and regulatory requirements
- 8). The undertaking of fraud investigations, if required
- 9). Ensuring the adequacy of procedures to safeguard the bank's assets
- 10). Monitoring the bank's Non-Performing Assets (NPA) and alarming the management when required
- 11). To analyze, comment and suggest on banks working ,policies etc.that they are

12). Internal Audit work manuals and requirements will be provided separately.

3. Appointment:-

The appointment of the audit firm will be for one year. Appointment will be done annually on the basis of Rajasthan Co-operative Society Act, 2001 and direction issued by RBI/Nabard. Internal audit will be done Quarterly by firm. Bank may empanel more than one firm for Internal audit work of the bank.

4. Eligibility Criteria:-

Basic Eligibility:-

1. Firm must be a Chartered Accountants as defined in the Chartered Accountant Act, 1949 (Central Act No. 38 of 1949)
2. Firm should be empanelled by Registrar, Co-operative Rajasthan, Jaipur.
3. Firms head Office/Branch office should be in Jaipur District.
4. Appointment of the Firm will be for one year provided further that no auditor or auditing firm shall be appointed for the audit of the accounts of the Bank for more than two years in continuation
5. The audit firm should have minimum 3 years experience of audit as Head office /Branch, Auditor of Commercial Banks/ Co-operatives Banks. It is desirable that Audit Firm should have experience in Audit of Co Operative Bank.
6. Firm should not have been blacklisted by any financial institution/government departments/other institutions.
7. Other specified condition prescribed by RBI/Nabard/Co-operative Department time to time will be applicable.
8. In Case of any partner of a Chartered Accountant firm is a director in the Bank , the said firm shall not be appointed as auditor of the Bank.

Review of the policy

The Bank may review the policy as and when required. In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended at the next possible opportunity. However, the amended regulatory requirements will supersede the Policy, till the time Policy is suitably amended.

The Bank reserves the right to amend the policy from time to time


Managing Director


Administrator