



RESERVE BANK OF INDIA

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RBI/2004-05/146

Ref.DBS.ARS.No. B.C. 4 /08.91.001/2004-05

August 27, 2004

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir,

Terms and conditions of appointment of Statutory/ Concurrent/ Internal Auditors - Implementation of the recommendations of the Committee on Legal Aspects of Bank Frauds and the recommendations of the High Level Group set up by the Central Vigilance Commission (CVC)

Please refer to our circular letter DBS. ARS. No. 599/08.91.001/2002-2003 dated January 21, 2003 advising you to communicate to the Statutory, Internal and Concurrent Auditors appointed by the bank, "to specifically report, simultaneously, to the Chief Executive Officer of the bank and Central Office of the Department of Banking Supervision, RBI, Mumbai, any matter susceptible to be fraud or fraudulent activity or any foul play in any transactions."

2. These instructions were partially modified in terms of circular DBS.FGV(F) No. BC.15/23.08.001/2002-2003 dated May 14, 2003 to the effect that only instances of fraud or fraudulent activity where the amount involved is Rs. 100 lakhs or above should be reported to the Reserve Bank of India, Department of Banking Supervision, Central Office, Mumbai and all other instances should be reported to Regional office of the Reserve Bank of India, Department of Banking Supervision under whose jurisdiction the Head Office of the bank falls.

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