



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

[www.rbi.org.in](http://www.rbi.org.in)

RBI/2010-11/269

DBS.ARS.BC. No. 4/ 08.91.020/ 2010-11

November 10, 2010

The Chief Executives  
All Indian Commercial Banks

Dear Sir/Madam,

**Audit Committee of the Board of Directors – Calendar of Reviews**

As you are aware, the norms regarding the constitution and functions of the Audit Committee of the Board of Directors (ACB), as also reviews to be submitted, had been prescribed vide our circular DoS.No.BC.14/Adm/919/16.13.100/95 dated September 26, 1995. Subsequently, in terms of circulars issued from time to time, a number of additional reviews have been prescribed to be placed before the ACB.

2. The instructions have now been consolidated and a comprehensive calendar of reviews to be placed before ACBs is given in the **Annex**. It is emphasized that the calendar outlines the critical minimum requirements of review and the bank Boards will have discretion to prescribe additional reviews to suit their requirements.

3. It is also emphasized that the ACB should monitor the work done by concurrent audit, internal audit, statutory audit and compliance of RBI inspection very closely and should take an active role in appointment of statutory auditors.

4. Hindi version of the circular follows.

Yours faithfully

(A Madasamy)  
Chief General Manager

Encls: As above.

**Calendar of Reviews**

**Quarterly**

1. Exposure to sensitive sectors i.e. capital market & real estate.
2. KYC / AML Guidelines - (i) Review of implementation (ii) Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches.
3. Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSGGL accounts
4. Review of compliance in respect of the Annual Financial Inspection conducted by RBI (ACB should review this on ongoing basis till the bank furnishes full compliance. ACB should closely monitor persisting deficiencies pointed out in RBI Inspection Reports )
5. Review of Audit plan and status of achievement thereof.
6. Review of significant Audit Findings of the following audits along with the compliance thereof - (i) LFAR (ii) Concurrent Audit (iii) Internal Inspection (iv) I.S.Audit of Data Centre (v) Treasury and Derivatives (vi) Management Audit at Controlling Offices / Head Offices (vii) Audit of Service Branches (viii) Currency Chest (ix) FEMA Audit of branches authorized to deal in foreign exchange, etc.
7. Compliance report on directives issued by ACB / Board / RBI.
8. Report on compliance of clause 49 and other guidelines issued by SEBI from time to time.
9. Report on compliance of regulatory requirement of Regulators in Host Countries in respect of overseas branches.
10. Review of Frauds (frauds of Rs.1 crore and above to be reviewed as and when reported).
11. Review of financial results for the quarter
12. Review of information on violations by various functionaries in the exercise of discretionary powers.

13. Information in respect of equity share holdings in borrower companies more than 30% of their paid up capital.

### **Half Yearly**

1. Status of implementation of Ghosh and Jilani Committee reports
2. Detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases.

### **Annual**

1. Change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines.
2. Review of IS Audit Policy
3. Review of transactions with related parties
4. Review of accounting policies / systems of the bank with a view to ensuring greater transparency in the bank's accounts and adequacy of accounting standards.
5. Review of adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
6. Review of the bank's financial and risk management policies.
7. Review of annual accounts of the bank.
8. Appointment of statutory auditors and review of performance - both for domestic and overseas operations.
9. Penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures
10. Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage.