

January 21, 2009

Chief Executive Officers of  
All Primary (Urban) Co-operative Banks

Dear Sir / Madam,

**Internal assignments in banks by statutory auditors**

Please refer to our circular No. UBD. POT. 77/09.06.00/93-94 dated May 31, 1994 on introduction of concurrent audit system in UCBs. The extant guidelines provide that concurrent audit could be carried out by external auditors (professionally qualified Chartered Accountants) or by own staff, at the option of the individual banks. Similarly, some banks may have engaged Chartered Accountants (CAs) for internal audit as well. Further, State Governments are committed to appoint Chartered Accountants for statutory audit of the banks with deposit base of Rs. 25 crore and more, as per the MoU entered into by Reserve Bank of India.

2. In the above context, it is advised that chartered accountants / audit firms should not undertake statutory audit assignment with any UCB while they are associated with the bank for internal / concurrent audit assignments during the same period. In case the firms are associated with internal /concurrent audit assignment, it should be ensured that they relinquish the internal / concurrent audit assignment before accepting the statutory audit assignment during the year.

3. These instructions come into force with immediate effect.

Yours faithfully,

(A. K. Khound)  
Chief General Manager