



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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## Risk Based Internal Audit (RBIA) in NBFCs/UCBs

RBI had announced in the '[Statement on Developmental and Regulatory Policies](#)' issued as part of the [Monetary Policy Statement dated December 4, 2020](#) that with a view to strengthen the Internal Audit Function, which works as a third line of defence, suitable guidelines will be issued to large UCBs and NBFCs on adoption of Risk Based Internal Audit (RBIA).

Accordingly, a [circular on RBIA](#) covering all deposit taking Non-Banking Financial Companies (NBFCs); all non-deposit taking NBFCs (including Core Investment Companies) with asset size of ₹5,000 crore and above; and all Primary (Urban) Co-operative Banks (UCBs) with asset size of ₹500 crore and above has been issued today.

The circular intends, *inter alia*, to provide the essential requirements for a robust internal audit function, which include sufficient authority, stature, independence, resources and professional competence, so as to align these requirements in larger NBFCs/UCBs with those stipulated for Scheduled Commercial Banks. It is expected that the adoption of RBIA by such entities would help to enhance the quality and effectiveness of their internal audit system.

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