

**Office of the Commissioner for Co-operation and Registrar,
Co-operative Societies, Maharashtra State, Pune.**

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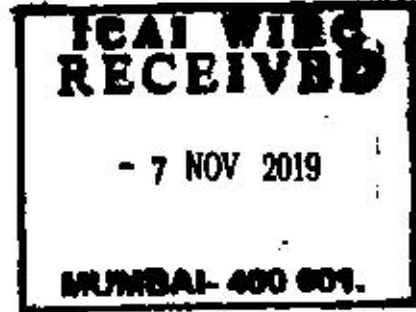
CCRCS/ Desk -19/Revised LFAR/2019, 9895

dt. 07/09/2019

READ

To,

- 1) **The Chairman,**
Western India Regional Council,
The Institute of Chartered Accountants of India,
Bandra-Kurla Complex, near Standard Chartered Bank,
Bandra (east), Mumbai.400 051
- 2) **The Chairman,**
The Institute of Cost and Works Accountants of India,
Western India Regional Council,
Rohit Chambers, 4th Flr., Janmabhumi Marg, Mumbai - 400 001.
- 3) **Divisional Joint Registrars (ADM) / (Audit) - All.**



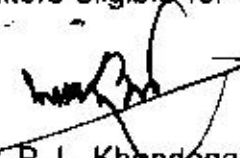
SUB: Matter of Exception reporting by External (Statutory) Auditors of Scheduled Urban Co-operative Banks.
REF: Letter from Reserve Bank of India bearing No. DO.DCBR.CO.BPD-II. No.579/09.06.000/2019-20, Dt.9 Sept, 2019

Your attention is kindly invited to the subject and reference cited above.

Vide the above referred letter, Reserve Bank of India has informed this office that it has introduced a system of "Exception Report". wherein the matters of either material or prime concern to the Reserve Bank are immediately reported as and when they arise during the course of audit by the statutory auditors of the Scheduled Urban Co-operative Banks.

The above referred letter of the Reserve Bank of India is annexed herewith. You are herewith requested to take the note of the same and bring it to the notice of all Chartered Accountants/Cost Accountants/Government Auditors eligible for undertaking the audit of Scheduled Urban Co-operative Banks.

(Encl - As above.)


(Br. P. L. Khandegale)
Additional Registrar, (Audit).
Co-operative Societies,
Maharashtra State, pune



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

मुख्य महाप्रबंधक
Chief General Manager

DCBR.CO.BPD II.No.579/09.06.000/2019-20

September 09, 2019

The Commissioner for Co-operation & Registrar of Co-operative Societies
Government of Maharashtra
2nd Floor, New Central Building
Ambedkar Wellesly Road
Pune - 411001

Madam / Dear Sir,

Matter of Exception reporting by External (Statutory) Auditors of Scheduled Urban Co-operative Banks

Please refer to our letters dated December 21, 2017 and dated April 09, 2019 (copies enclosed) regarding revision of formats of Statutory Auditors' report and Long Form Audit Report (LFAR), respectively.

2. During the course of audit, statutory auditors may come across matters which are either material or prime concern to Reserve Bank of India for initiating timely / immediate action, particularly for Scheduled banks. Therefore, it is felt desirable to introduce a system of "Exception Report", wherein the matters of either material or prime concern to the Reserve Bank is immediately reported as and when they arise during the course of audit. This will be more pertinent for the areas of NPAs and Frauds. The statutory auditors may be required, depending upon the significance of matters, to decide whether they should be immediately brought to the attention of the Reserve Bank, apart from being included in the LFAR.

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1/14/19

आगवे (शासन)

लेप लकी पत्र देय
9/11/19

सहकार आ...
सहकारी संस्था प.सं. 3...
19 SEP 2019
आवक क्र:- 45915
शाखा:- 201/11

C & R
20 SEP 2019

सहकारी बैंक विनियमन विभाग, केंद्रीय कार्यालय, सी-7, पहली मंजिल, बंद्रा-कुर्ला संकुल, बंद्रा (पूर्व), मुंबई - 400 051. भारत
फोन: 022-222-2857 1112 फॅक्स: 022-2857 1117 ई-मेल: ogmndcbro@rbi.org.in

Department of Cooperative Bank Regulation, Central Office, C-7, 1st Floor, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. INDIA
Tel: 022-2857 1112 Fax: 022-2857 1117 E-mail: ogmndcbro@rbi.org.in

1/14/19



3. We request you to advise the Statutory Auditors undertaking audit of Scheduled Urban Co-operative Banks under your jurisdiction to report immediately the matters of concern as and when they arise as an Exception Report to Department of Co-operative Bank Supervision (DCBS) of respective Regional Office of Reserve Bank of India. Similar request is being made to the Central Registrar of Co-operative Societies.

● 4. We request you to keep us informed in the matter.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Neeraj Nigam', is written over a horizontal line.

(Neeraj Nigam)

Encls: As above



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

मुख्य महाप्रबंधक
Chief General Manager

DO.DCBBR.BPD II.No. 2172/09.06.000/2017-18

December 21, 2017

Dear Mr. Lade

यूनि-स्टेट शहरी सहकारी बैंकों (यूसीबी) की सांविधिक लेखा परीक्षकों की रिपोर्ट के स्वरूप में संशोधन

Revision in the Format of Statutory Auditors' Report of Uni-State Urban Co-operative Banks (UCBs) in Maharashtra

During the course of statutory inspection of urban co-operative banks operating in the State of Maharashtra, several instances have come to our notice where there have been large divergence in the assessment of Non-Performing Assets (NPAs) between the statutory auditors and the Reserve Bank's Inspecting Officers. The statutory auditors claimed that the failure of the bank to make adequate provision for NPAs was reported by them in the prescribed Long Form Audit Report (LFAR), though not in the Auditors' report. It may be mentioned that the auditors' report is required to be published along with annual accounts and balance sheet in terms of Section 31 of the Banking Regulation Act 1949(AACS), whereas the LFAR is not available in the public domain. Hence this conscious omission in the Auditor's report affects the "true and fair" view of the financial statements of UCBs as reported to the stakeholders.

2. The matter was discussed by Reserve Bank of India with the Institute of Chartered Accountants of India (ICAI) and an illustrative format of an Independent Auditor's Report for Urban Co-operative Banks in Maharashtra (unmodified) and an illustrative format of an Independent Auditor's Report for Urban Co-operative Banks in Maharashtra in case of modifications (qualified/adverse/ disclaimer) in opinion was finalized. These formats were finalized keeping in view the aforesaid concerns. The ICAI has agreed to host these formats on their website for information of their members. Further, they have requested RBI to advise co-operative banks to circulate these formats to the Statutory

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सहकारी बैंक विनियमन विभाग, केंद्रीय कार्यालय, सी-7, पहली मंजिल, बंदरा-कुर्ला संकुल, बॉम्बे (पूर्व), मुंबई - 400 051, भारत
फ़ोन: 022-022-2857 1112 फ़ैक्स: 022-2857 1117 ई-मेल: cgm.dcbrr@rbi.org.in

Department of Cooperative Bank Regulation, Central Office, C-7, 1st Floor, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, INDIA
Tel: 022-2857 1112 Fax: 022-2857 1117 E-mail: cgm.dcbrr@rbi.org.in



Auditors' of Urban Co-operative Banks in Maharashtra at the time of their appointment itself so that the audit report is submitted in the revised format.

3. As the function relating to Audit of Urban Co-operative Banks in Maharashtra falls under your purview, we are enclosing the revised format of Auditors' report with a request to kindly advise all the UCBA operating in Maharashtra to circulate these formats to their statutory auditors'. It may also be advised to them to ensure that the Statutory Auditors' submit their report for the ensuing financial year ie. 2017-18 as per the new formats of Statutory Audit finalized in consultation with ICAI. Similar request is being made to Central Registrar of Co-operative Societies and other State Governments also.

4. May I request you to keep us apprised in the matter.

With regards

Yours sincerely,

Neeraj Nigam

(Neeraj Nigam)

Encl : As above

Dr. Vijay N. Zade IAS
Commissioner for Co-operation & Registrar of Co-operative Societies
Government of Maharashtra
2nd Floor, New Central Building
Ambedkar Wellesly Road
Pune - 411 001



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RESERVE BANK OF INDIA
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मुख्य महाप्रबंधक
Chief General Manager

DO.DC.BR.CO.BPD.No.3071/09.06.000/2018-19

April 09, 2019

Dear Shri Soumi

Revision in the format of Long Form Audit Report (LFAR) – Inclusion of observation on the compliance status of submission of Depositor Education and Awareness (DEA) Fund forms and returns in the bank's LFAR

As you are aware, we had vide our letter UBD.No.PoT.27/09.06.00/93-94 dated August 17, 1993, forwarded Inter-alia the LFAR intended for audit of commercial banks and their branches to you with a request to adopt the same with suitable modifications for the audit of Primary (Urban) Co-operative Banks under your jurisdiction. However, keeping in view the changes in regulatory / supervisory framework of banks since then, the LFAR format has been revisited. Further, in order to monitor the returns/forms/ certificates relating to DEA fund it has been decided to suitably incorporate in the bank's revised LFAR, observations on the compliance status of (a) procedure for crediting the unclaimed amounts to DEA fund and (b) submission of DEA fund returns/forms/ certificates.

2. The revised LFAR format comprising the following documents as enclosed in Annex may be utilized from year ending March 31, 2019 onwards:

- (i) Questionnaire in connection with LFAR in respect of a branch.
- (ii) LFAR by Statutory Auditors of the bank.
- (iii) Annexure to LFAR for furnishing details of large/irregular/critical accounts.

3. May I request you to bring the above to the notice of the Statutory Auditors undertaking audit of Primary (Urban) Co-operative Banks under your jurisdiction for necessary compliance. Similar request is being made to the Central Registrar of Co-operative Societies and the other State Governments also.

With regards

Yours sincerely,

Neeraj Nigam

(Neeraj Nigam)

Encls: As above

Shri Satish Soni
Commissioner for Co-operation & Registrar of Co-operative Societies
Government of Maharashtra,
2nd Floor, New Central Building
Ambedkar Wellesly Road
Pune - 411001