

## **RBI directs concurrent auditors to submit reports directly to banks**

The Reserve Bank of India has asked concurrent auditors of commercial banks to do to submit their review of non-performing loans directly to the banks and discontinue the practice of submitting it to the statutory auditors who conduct quarterly and half yearly review of bank accounts.

Concurrent audit means doing the examination of the financial transactions at the time of happening or parallel with the transaction. Concurrent audit system is regarded as part of a bank's early warning system to ensure timely detection of irregularities and lapses, which also helps in preventing fraudulent transactions at branches.

In a circular issued to banks on Thursday, the Reserve Bank has said that concurrent auditors will therefore give their opinion on nonperforming assets or NPA figures to the banks and not to the statutory auditors, who for audit purpose will treat the branches covered by concurrent auditors as unaudited branches.

In another circular, the banking regulator has clarified that in the composition of the audit committee of the board (ACB) of public sector banks, should a bank have more than one executive director (ED), the ED in-charge of internal inspection and audit should be the member of the ACB whereas other EDs can be invitees to the meeting if the agenda includes any item for discussion from their domain.

*(Economic Times)*