

RBI releases new action framework on bank auditors

As more and more loan-related scams come to light in many public and private sector banks leading to a massive pile-up of bad loans, the Reserve Bank of India (RBI) on Friday decided to take auditors to task by warning them of stern punitive actions against them. In a new circular titled 'Enforcement action framework in respect of statutory auditors (SAs) for lapses in statutory audit of commercial banks', the central banking institution warned that any SA not following instructions will be met with punitive actions such as debarring them from conducting business with banks. The new framework will cover instances of divergence identified in asset classification and provisioning during RBI inspection vis--vis the audited financial statements of banks above the threshold specified in this circular. (Text: PTI)

ET Now | 29 Jun 2018, 09:26PM IST

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