



Since 1991

Dhanalakshmi[™]

Hire Purchase & Leasing Ltd

Non Banking Financial Company (NBFC)

AUDIT POLICY

TABLE OF CONTENTS

1. AUDIT DEPARTMENT OF DHPL	3
2. AUDIT PROGRAMME ALLOTMENT.....	3
3. PERIODICITY OF AUDIT AND THE AREAS COVERED.....	3
4. REPORTING METHODS	4
5. RISK MONITORING & MANAGEMENT OF CREDIT RISK.....	5
6. FUNCTIONS OF AUDIT DEPARTMENT.....	5
7. INTERNAL AUDIT PROCESS (IN BRIEF)	6
8. AUDIT VERIFICATION-NECESSITY AND RISK ELEMENTS.....	7
9. GOLD INSPECTION PROCESS (IN BRIEF)	15
10. VEHICLE LOAN.....	17
11. MICRO FINANCE LOANS.....	18
12. DIFFERENT TYPES OF AUDITS.....	18
13. PROCESS DESCRIPTION: COMPLETION OF AUDIT.....	20
14. RISK MONITORING & MANAGEMENT OF CREDIT RISK.....	20
15. CONFIDENTIAL REPORT. (CR)	20
16. SPECIAL REPORT (SR).....	20
17. HEAD OFFICE AUDIT.....	20
18. AUDIT OF REGIONAL OFFICE / OTHER ADMINISTRATIVE OFFICES.....	20
19. STAFF MEETING	21
20. WHISTLE BLOWING POLICY	21
21. REPORT TO ACC / HLC.....	21

1. AUDIT DEPARTMENT OF DHPL

Audit is a process used by organizations to identify, assess, manage and prioritize different risks associated with its operation. After a risk is identified, the audit department will develop a plan to minimize or reduce the impact of it. Managers and staff at all levels must access and prioritize risks in order to prevent potentially damaging events. Depending on the business or organization, there are specific strategies to manage individual risks.

The primary goal of Audit is to protect a business or organization from vulnerability. Most audit plans concentrate on maintaining viability of the organization and decreasing of financial risks. Audit is designed to provide protection to the Company, customers, employees and the public from damaging events that have a direct effect on them.

The Audit department of DHPLL is functioning at Head office and is headed by Audit Head and assisted by a team of auditors and supporting staff.

1. Gold inspectors: Gold inspectors are doing the branch gold inspections/ Apprised.
2. Accounts auditors: Accounts inspection is done by the Accounts auditors recruited for this purpose. They are experienced people and have knowledge about the operations of the Company.
3. Filed Auditors: Filed visit is done the filed auditors. They are mainly focused on Micro finance Loan

2. AUDIT PROGRAMME ALLOTMENT

The audit schedules are allotted on rotation basis to the gold inspectors and accounts auditors by Audit Department at HO. Normally a schedule of fifteen to twenty branches are allotted and informed to them confidentially by email in their individual mail IDs of the company. They will maintain secrecy and surprise element and visit the branches. Gold inspection normally takes one day per branch except in high volume business branches where they take two or more days. Accounts auditors take one to three days for accounts audit depending on the business/size of branches.

3. PERIODICITY OF AUDIT AND THE AREAS COVERED

Gold inspection

1. Gold inspection is conducted once in a month in all the branches of the company.
2. Areas covered are checking of cash, physical check of ornaments pledged like weight of

each ornament, purity, deductions for stone and other reasons, weight rounding off etc., and ensuring exempted items are not accepted for pledging.

3. Other areas include - the maintenance of stone, acid and other materials used for the appraisal and educating the branch staff regarding the appraisal techniques wherever needed.
4. Apart from this they report other matters which need Head office attention, particularly regarding pledge of ornaments, for necessary directions to the branch.
5. Irregularities reported in earlier inspections are verified for rectification and unrectified matters, if any, are also reported in the subsequent inspection reports.
6. HO also assigns gold inspections in between the normal inspection periodicity with a surprise element.
7. For single pledge of Rs.5 lacs and above for a single customer pre verification of the ornaments is arranged from HO by deputing the gold inspector.

Accounts audit

- a) Accounts audit is conducted once in two months in all branches of the company. The periodicity of audit can be modified up to 5-6 months gradually when more branches are opened.
- b) Auditors check the physical cash, Physical number of packets under gold loan scheme.
- c) Various areas of branch working is verified as per check list provided, which includes verification of various documents, KYC records, loan documents, updating of registers, accounting entries, Bank account operations and cheque book maintenance, reconciliation, verification of vouchers and supporting bills/ papers, sanctions, staff matters, operational matters, adherence to of HO circulars, and other matters relating to branch functioning.
- d) They also report unrectified irregularities, if any, pointed out in previous audits.

4. REPORTING METHODS

Both gold inspectors and accounts auditors submit the reports on completion of the audit by email to Audit Department HO on the same day of completing the audit.

Hard copies of the reports in prescribed format are also handed over to the Branch by the gold inspectors and accounts auditors.

5. RISK MONITORING & MANAGEMENT OF CREDIT RISK

Risk monitoring is the process of keeping track of the identified risks, monitoring residual risks and identifying new risks, ensuring the execution of risk mitigating plans, and evaluating their effectiveness in reducing risk. Risk monitoring and control records risk metrics that are associated with implementing contingency plans. Risk monitoring and control is an ongoing process for the life of a company.

The DHPLL has a separate team named as credit officers to evaluate the credit Risk management of the company.

Process of Risk management of DHPLL:

The observations are verified by the audit department at HO and forwarded to concerned branches by email with a deadline for rectification and submission of the point wise rectification report.

- The branches are also guided by the department over phone.
- The rectification reports received from branches are scrutinized and further improvements if any needed are advised.
- The pending irregularities are noted down and followed up by the Risk Management department frequently over phone and by emails till they are rectified.
- Credit Officers are visiting the houses of each customer before sanctioning a business/personal loan to ensure the credit worthiness of a particular customer.
- Report of credit officers are cross checked from Branch and Head office and finalize the loan sanctioning process

6. FUNCTIONS OF AUDIT DEPARTMENT

- Scope & Objective

The Process document of Internal Audit covers in detail the activities and the role of the audit department and audit team in an internal audit process. To lay down a process manual for activities involved in the internal audit process to ensure better understanding as to how a branch inspection/audit has to be done in a periodic intervals, hence to ensure the smooth flow of the

Internal audit process and branch operations. This Manual will help to define step by step process of internal audit system.

Internal audit team handling all the audit and risk related matters of the company and reporting the irregularities in the branch level to management and its remedies for solving to the irregularities timely. Any lapse/irregularities in the existing system / process this team will inform this matter to management same time.

The auditors are considered as the eyes and ears of the Company and they should act as the representatives of our Head Office. They should follow highest integrity to the Company.

Main functions of Audit Department of DHPLL are as follows

1. Accounts Audit

2. Gold Audit

1. Accounts Audit:

Various areas of branch working is verified as per check list provided, which includes verification of various documents, KYC records, loan documents, updating of registers, accounting entries, Bank account operations and cheque book maintenance, reconciliation, verification of vouchers and supporting bills/ papers, sanctions, money transfer documents, staff matters, operational matters, adherence to of circulars, and other matters relating to branch functioning.

2. Gold Audit:

Areas covered are checking of cash, physical check of ornaments pledged like weight of each ornament, purity, deductions for stone and other reasons, weight rounding off etc., and ensuring exempted items are not accepted for pledging.

7. INTERNAL AUDIT PROCESS (IN BRIEF)

This section aims to detail the activities enlisted as part of the Internal audit Process.

- i. Assignment of program schedule to Auditors by Audit Head/Audit in charge:-
Dept. Head / In charge of the Dept. assigns audit program to Jr. Auditors and

Senior Auditors. In a scheduled program 5 to 10 branches are assigned for inspection to an auditor as per the audit requirement. The reporting authority can change/deviate the program. The audit official completes the audit as per his/her convenience in fixed time limit. The Audit official shall be available before opening of the branch on the first day of visit and he should also check the punctuality of staff members.

- ii. Unexpected visit in the branches as per programmed schedule: - Audit officials should visit the branch without prior intimation. They have to produce the company ID card or authorization letter issued from HO. After verifying the genuineness of the ID/Authorization letter manager should allow the official to enter inside the branch and co-operate/assist with the official for discharging his duties timely and properly.

8. AUDIT VERIFICATION-NECESSITY AND RISK ELEMENTS

I. CASH

Cash balance of the previous day's closing has to be verified and confirmed.

If cash is checked after start of business hours –cash balance at the time of checking to be arrived and tallied.

➤ Denomination Register

1. The cash denomination to be manually written in a register (Risk elements- if this is not properly maintained cash balance of the branch/excess cash maintenance/ cash short or excess/fraudulent activities cannot be identified).
2. Physical cash shortage if any irrespective of the amount of shortage to be reported to HO by mail and over telephone to the audit department.
3. Manual cash balance with system-Clerical/system error if any has to be identified.
4. Fake notes/cut notes -if the physical cash contains fake notes/cut notes it should be replaced immediately
5. Fake notes detected should be reported to police as per law.
6. Whether maintaining excess cash -Branch having low business (normally one lakhs -and branch maintaining high cash levels should be instructed to send the excess cash to HO without fail to avoid revenue losses due to idle

cash.)

- Verification of physical stamp balance (both postal and revenue) with stamp register.
 1. Usage of stamps both postal and revenue,
 2. Verify sending of notices(ordinary/registered with AD card, whether registered notices returned(not opened) are kept in branch /AD cards are kept separately in the branch and properly filed)
 3. Maintenance of stamp register.

II. GOLD LOAN

- Compare physical packet numbers and GL number with the printed list of GL outstanding.
- ONR packets (Loan closed but ornament not released)
- Packet excess-wrong release to customer/wrong entry/without release after closing loan by customer.
- Packet short if any-fraudulent activity.
- Item missing/fake packet.
- Packet without ornament - if any noticed to be reported immediately.
- Overdue/auction gold release without customer knowledge.
- Customer tokens kept in the branch itself.
- High volume gold having low pledge amount and customer not willing to release the gold-replacement by staff members and replacement of ornament without customer knowledge.
- Sanction of loans to same borrower/family members and frequent pledge and release-Possibility of re-pledge by pawn brokers.
- Concentration of loan to same party.
- Obtaining sanction of gold loan-sanction power/authority.
 1. Release of Gold Ornaments in the case of Death Claims.
Whether all below mentioned documents collected or not
 2. Original release token (Customer copy)
 3. Request letter from nominee/Legal heirs.
 4. Copy of death certificate

5. ID proof of the nominee.

6. Indemnity from the nominee/legal heirs duly signed

Any correction in amount entered in the release token/cash book.

Re-pledge of Gold Ornaments

- Risk element-Ownership disputes.
- Double pledges of the same ornaments.
- Number of overdue cases for same customer.
- Difficulties in collecting overdue interest, etc.
- Same customer with number of pledges –Risk element- recovery of the amount with interest if any customer dispute.
- Whether approval taken for above 5 lakhs pledge/seek the help of GI auditor.
- Whether third party release without proper documentation.
- Filling of authorization form.
- Attestation of the signature of the third party by customer,
- Collection of ID proof of third party,
- Signature verification with pledge form and authorization form.
- Risk element-Insufficient documentation –Possible customer disputes in future.

III. VERIFICATION GL / BUSINESS LOAN DOCUMENTS

- Whether release token/indemnity collected or not,
- Whether customer signature collected all GL/BL documents or not
- Whether KYC(ID & address proof) of new customers as per company norms
- Signature missing both pledge and release
- Signature mismatch
- Pledge in the system without photo
- ID proof for the customers
- Issue of duplicate release token
- Clarity of photo in GL module

- Gold loan release without collecting Indemnity bond in stamp paper.
- Amount entered in the release token is tallied with the amount entered in the cash book.

IV. GOLD LOAN NOTICE

- Verification of stamp register and notice sending details. (All over due cases with details)

V. GENERAL OBSERVATIONS

- Whether weighing balance of the branch is stamped/stamped certificate displayed in the Notice board etc. If stamping pending, advice the Branch to contact admin dept. for further steps.

VI. VERIFICATION OF NCD DOCUMENTS.

- Whether Applications duly filled and signature of NCD holder/holders collected.
- Whether 15G/15H duly filled and signed/collected or tax deducted as per norms.
- Whether temporary receipts collected at the time of issuing original certificate.
- Whether ID proof of special category investors collected, (if any malpractices in the special category IDs.)
- Whether repayment instruction obtained properly in case of joint accounts.
- Whether PAN card collected from customer/PAN card updated in the system for the actual customer, wrong PAN number entry if any etc.
- Whether NCD closed certificates collected duly discharged.
- Whether proper accounting entries are made for the NCDs.

VII. OTHER POINTS

- Issue of cheques.
- NCD certificate lost cases
- NCD customer death cases. Check whether proper sanction obtained from HO in disposing off such cases.
- Payments in joint accounts (either or survivor /former or survivor/anyone or survivor etc.)

- payment if any in the name of third party, whether open cheque issued, Whether Staff members using their cheques for opening NCDs in the name of customers etc)
- Any case of death/lost case release/payment without HO authority GL /NCD/BOND.

VIII. VERIFICATION OF SUBORDINATE BOND DOCUMENTS

- Applications,15G/15H,temporary receipts,
- Whether original certificate is issued
- Whether customer acknowledgement of receipt of the certificate available at branch.
- ID proofs , address proof(KYC norms)
- Nomination form etc, Bond transfer if any carried out properly.
- Special category –whether proof obtained.

IX. BANK ACCOUNTS

- Verification of bank statements/Bank account reconciliation entry to entry
- Cheque utilization register
- Proper bank charge entries.
- Whether all cheques in the period is accounted in bank statement
- Maintenance of cancelled cheques
- Fake deposit entry if any (whether cash remittance is accounted for the same day-whether there is any delay in cash remittance to the bank etc.)
- Whether any instances of cheques issued by us returned for want of funds or for any other technical problems.

X. CASH PAYMENTS

- Verification of all payments with supporting bills.
- Vouchers and authorization of payments etc.
- Excess payment if any.(NCD /BOND interest payments-PANcard details)
- Cash payment of NCD/Secured loan payments without authority if any.

- NCD/BOND interest payment without entering in the NCD/BOND software.
- Other branch NCD interest payment if any. whether properly entered in NCD software.
- Cash payment of NCD proceeds of Rs.10000/- and above if any.
- Whether all cash payment voucher contains receiver signature (NCD holders)
- Verification of the accounting postings of the transactions in system. (cash book/day book, wrong entries etc.)
- Correction, difference in manual cash book and system cash book, if any.
- Whether all payments are properly accounted and system cash book tallied with manual cash book.

XI. VERIFICATION OF TELEPHONE CALL REGISTER, ELECTRICITY BILLS.

- Whether any drastic increase in telephone/electricity bills.
- Whether all the bills are paid timely or not
- Whether any fine incurred for late payment
- Whether supporting bills are kept in the branch or not
- Whether branch is having separate meter.

XII. REGISTER MAINTENANCE

Verification of important registers (statutory and others)

- Key Movement Register

Whether key movement is properly noted in the register with details. Each movement of key to other person to be recorded with reason –random comparison with attendance register – mismatch if any to be reported.

- Strong room security

Whether each pledge/release are noted and manager and JC signed in the register.

- Staff movement Register

Whether any staff not present in branch, halfday/left the office in between office hours for personal purpose and not returned to branch same day etc. The manager and JC of the same branch on leave on same day. It should be reported.

- Attendance Register
- Cheque utilization
- Cash book
- Denomination Register
- Cash in transit Register

XIII. STAFF DETAILS

- Staff attendance, leave and registers verification.
- Verification of attendance register
- Frequent turnover of staffs
- Continuous absence of staff members/BM without approval etc.
- Insufficient staff strength in the branches, if any.
- Verification of the operational matters followed by staffs/branches as per the instruction from HO-Circular maintenance, reading of circulars etc.

XIV. OTHER IMPORTANT MATTERS TO BE NOTED

- Test check of alarm system working/whether BM and staffs are conversant with use of remote control.
- Updation of mobile number of Manager/JC in security alarm wherever staff changes have been made.
- CCTV camera functioning.
- Strong room operation/joint custody - whether carried out by all the holders together.
- Whether Cash/GL Packets keeping in/ releasing from the strong room properly by all the custodians together.
- Movement of cash/GL packets in and out properly noted in the registers
- Whether staff other than joint custodians operating the strong room. Whether any unwanted stationary/unwanted articles are dumped in the strong room.

- Monitor the key handling by the JC. Whether keys are kept in the drawers without locking.

- Handing over/taking over rectification.

- Previous audit non rectification/verify reply and point wise reply, wrong reporting, if any.

- Mention previous audit date and remark of pending discrepancies

- Auditors should give the observations in each section/area completed to the BM/next senior staff and spot rectification of irregularities should be ensured.

- A meeting with staff members should be conducted at the conclusion of the audit.

- Customer complaint, if any, to be ascertained and steps taken should be

reported.

- Unrectified items in the previous audit reports should be discussed.
- Once a section of the audit (Say GL pledge/GL release/NCD application etc) is completed prepare a rough list and handover BM/JC for spot rectification. If this is done such irregularities can be mentioned in the register as spot rectified.

XV. NOTICE BOARD DISPLAY

- RBI License
- Fair practices Code (FPC)
- Weighing balance stamping certificate
- Working hours
- Holiday List
- Grievances redressal information.

XVI. CLASSIFICATION OF BRANCHES

- The branches will be Graded (Excellent, Good, Satisfactory, Unsatisfactory and Poor) as per the marks obtained in the audit according to the following chart.

Sl.no	Category	Raw Score	Weightage	Weighted Score
1	Customer Acquisition	100%	10%	10%
2	Internal Administration	100%	10%	10%
3	Upkeep & Maintenance	100%	10%	10%
4	Internal Audit	100%	20%	20%
5	Security	100%	20%	20%
6	Business	100%	20%	20%
7	General Administration	100%	5%	5%
8	IT	100%	5%	5%
Total Weighted Score				100%
Branch Grade				EXCELLENT
Risk based Branch classification				LOW RISK

- Classify the irregularities under high /medium/low risk category.
- Further rate the branches as per the risk.

BELOW 50%	POOR	HIGH RISK
51% TO 70%	UNSATISFACTORY	
71% TO 80%	SATISFACTORY	MEDIUM RISK
81% TO 90%	GOOD	LOW RISK

- The categorization of the risk depends on the nature and amount of transaction-to be decided judiciously
- Examples of High-Risk Category (Indicative)
 - If the branch is allowing closing of NCDs /GL without production of NCD certificate/GL release card and without any indemnity/authority.
 - Releasing cash payments of high value say Rs.25000/- and above without cashier's signature.
 - Allowing secured loan without the NCD holder signature.
 - Anomalies found in cash of high value/Gold loan without proper security.
 - Major signature mismatches in NCD payments/GLReleases.
 - Non updation /non maintenance of registers such as cashbook/cash in transit /key movement etc.
- Medium Risk category
 - Not taking approvals for GL /loan sanction (otherwise the account is in order)
- Low Risk category:
 - Non updation of telephone register/stationary register/missing of stationary etc.

9. GOLD INSPECTION PROCESS (IN BRIEF)

There are total eleven test applied for identifying spurious gold ornaments

1. Flexibility test
2. Colour test
3. Usability test
4. Smell test
5. Weight test
6. Pointed scratching
7. Finishing test
8. Sound test
9. Magnifying glass test

10. Piling Test
11. Acid test
12. Salt Water test

Some of the methods of checking gold ornaments in detail:-

a) Sound Test:-

In this method we can find out the purity by dropping the solid ornaments on the glass and according to sound it creates, we can come to know the quality of the gold. Gold has a very distinctive sound when dropped on glass. Impure gold sounds completely different.

b) Weight Test:-

If the ornaments have abnormal weight compared to the size of the ornament or lesser weight, more care should be taken because the ornaments made up of other metals will not have weight commensurate with the size of the ornaments. Gold when held in palm feels heavy in comparison to other metal.

c) Point scratching test:-

Scratching any edge/specific point of the ornament over the touch stone for long period repeatedly will give a better result on the purity (check for change in color)

d) Flexibility test:-

Gold is renowned for its softness but ornaments out of gold are slightly flexible. When checking, items such as bangles press slightly to check flexibility. Higher the flexibility more is the purity.

e) Smell Test:-

Gold is the only metal which doesn't react with any acid or any other substances. There is no smell which gold will give out.

f) Finishing Test:-

The ornaments made out of gold will have perfect finishing rather than ornaments made up of other metals.

g) Conformation Test:- Most commonly used are-

- I. Acid Test: - The ornament is rubbed in a point manner on the stone in the same direction and a drop of acid is poured on the rubbed area.

- If it smokes or gives dense fumes then there is a question on gold purity.
- II. If the colour of acid changes and gives a greenish colour, it shows the presence of copper.
- III. Salt Water Test: (In continuation of point no.I) pour a drop of salt water on the rubbed area and observe for few seconds: If the colour of solution changes to white, it shows the presence of silver.

Categorization Of Ornaments

Commonly gold ornaments are categorized as per below at the time of sanction of loan.

Category	Remarks
916 ornaments	Ornaments with 916 Hall Mark/ HUID
Plain ornaments	Solid items (without soldering)
Other ornaments	Non solid items with 22ct only

Gold Inspectors must verify the following also.

1. Cash balance
2. G.L Packets
3. Gold pledge documents (doubtful cases)
4. Strong Room stock register
5. Attendance Register
6. Key Movement Register
7. Staff Movement Register

10. VEHICLE LOAN

The auditor should check

1. Confirm that all the loans are granted/sanctioned as per the norms stipulated in the Credit Policy.
2. Confirm that all loans are granted as per the delegated powers of sanctioning authority and following the schematic guidelines.
3. FPC norms are observed in all loans.
4. Proper applications are obtained and signed by the applicant and guarantors.
5. KYC and Aadhar of the borrower and guarantors are obtained.
6. Income proof of the borrower/guarantors is obtained.
7. Reference of 2 persons are obtained

8. Proper documents are obtained and all the necessary signature of borrower and guarantors are obtained before disbursal of the loan.
9. Criteria regarding age and blood relations between the borrower, guarantors and group members are observed.
10. Margin money and EMI are calculated properly.
11. Collection machinery is working properly and the collected amounts are accounted in our books on the same day.
12. Details of overdue loans and its present status.

11. MICRO FINANCE LOANS

The auditor should check

1. Confirm that all the loans are granted/sanctioned as per the norms stipulated in the Credit Policy.
2. Confirm that all loans are granted as per the delegated powers of sanctioning authority and following the schematic guidelines.
3. FPC norms are observed in all loans.
4. Proper applications are obtained and the same is signed by the applicant and guarantors.
5. Repaying capacity of the borrower/guarantors is ascertained as per the credit policy of the Company.
6. Proper documents are taken and signatures of borrower and guarantors are obtained before the disbursal of the loan.
7. Adequate stamp is affixed on the agreement forms and Revenue stamp of adequate value as per current stamp duty is affixed on the DPN.
8. KYC of the applicant and guarantors and their Aadhar Card number is obtained with their self-attestation.
9. Margin money and EMI are calculated properly and collected.
10. Unit meetings are conducted periodically and its minutes are kept properly.
11. Collection machinery is working properly and the collected amounts are accounted on the same day.
12. Details of overdue loans and its present status.

12. DIFFERENT TYPES OF AUDITS

1. Regular Audit (RA)

Accounts Audit happens in frequent intervals in Two months. A scheduled program assigned for Auditors and they are visiting the branches as per their program schedule.

Gold Auditors visit all branches once in a month (more than two visit may be done based on branch business/spurious outstanding)

Gold Auditors will give proper gold appraisal/ internal software/ file management system training to each staff for every month.

Special Gold Auditors is also done as per the request from branch Manager/Head office.

This audit happens when big pledge comes or same party makes frequent pledges.

No of auditors- 1 or 2

No. Of Days allotted- 1 or 2

2. Surprise Audit (SA)

They may come to branch audit at any time. They will check both gold and accounts in a random basis.

No. of Auditors- 1 or 2

No. Of Days allotted- 1 or 2

3. Mobile Audit / Full Verification Audit (Special cases)

They may come to branch audit at any time. They will check both gold and accounts thoroughly from the beginning to till date.

No. of Auditors- 3 or 4

No. Of Days allotted- Depends on Branch Outstanding (may be more than week)

4. Handing over/Taking over audit (H/T)

This Audit happens when a manager resigns from the service or transferred to another branch. Before handing over the charge to the new manager it is compulsory to complete the handing over/Taking over process. No Manager can be relieved before handing over/Taking over process completed. Separate mail will be issued from HO for the same. A format showing all the details of articles handed over and taken over shall be signed by both the managers and witnessed by atleast two staffs and counter signed by the Auditors. The same format should be sent to HO after completing the process.

13. PROCESS DESCRIPTION: COMPLETION OF AUDIT

Audit process completion time depends upon the business of a particular branch. Normal Audit duration is 1-23 days in every branch. After completing the audit, Auditor should give a detailed report of the audit observations and suggestions and manager and joint custodian/ Asst manager should sign in the register. A copy of the report shall be forwarded (Mail) to HO for information.

14. COMPLIANCE / RECTIFICATION OF AUDIT OBSERVATIONS

Branches should send the compliance/ Rectification/ Explanation/ clarification report for the Audit observations noted to Audit Dept., with a copy to Area Manager/Regional Manager/Zonal Manager concerned, within 10 days after the audit. It is compulsory and it is the responsibility of the manager to ensure the rectification/compliance of the audit points. Nonadherence to the instructions from Audit department will invite disciplinary actions against the concerned staff members.

15. CONFIDENTIAL REPORT. (CR)

Confidential report has an important role in the audit system. It is strictly confidential. Sometime any major irregularities /malpractices happening in the branch level and if it needs immediate attention of HO/Management, the auditors may send a Confidential Report. This is a part from the normal inspection Report.

16. SPECIAL REPORT (SR)

Special Report is submitted to Department when a branch having lot of irregularities/Anomalies reporting and no actions from the branch level for rectifying the problems /issues. After completion of audit the overall position of the branch shall be informed through this report. This report shall be forwarded to all the department heads and Administration team for necessary action.

17. HEAD OFFICE AUDIT

The Audit Dept. will conduct department wise inspection in Head Office once in 6 months and the reports will be sent to the top management for information and HODs for rectification/compliance.

18. AUDIT OF REGIONAL OFFICE / OTHER ADMINISTRATIVE OFFICES

The audit department will conduct audit in regional offices and other administrative

offices once in 6 months and the report will be sent to the top management for information and regional manager/ administrative office heads for rectification/compliance.

19. STAFF MEETING

Preferably on the completion day of the audit, the auditor should convene a staff meeting of all the members of the Branch. The auditor should describe each and every irregularity in the meeting and also tell the Branch how to rectify them. The auditor's experience in the Branch compared with other branches can also be shared. The auditor should advise the Branch team how to improve their working to improve their house keeping how to prevent fraud and theft in the Branch and also the need for improving the business figures and attain their business budgets. The due date for sending the rectification report also should be mentioned in the meeting.

20. WHISTLE BLOWING POLICY

Each and every staff of our Company should have a vigilance eye on all matters and if any of the staff including their superiors commit any act/s against the interest of the Company, they should report these happening which may cause financial or reputation loss to the Company, to the top management.

The names of such employee who report the matters to the top management will be kept secret and they will be rewarded appropriately in deserving cases.

The employees who come across such incidents but fail to report will be liable for disciplinary actions if they found guilty at a later date.

21. REPORT TO ACC / HLC

A report on the major irregularities detected, action taken with latest position is to be prepared by the Audit Department and should be placed before HLC/Executive Board of Directors every month.

.....

Prepared By AVP-Audit: - Mr. Tinto Joy

(Dhanalakshmi Group of Companies)

Recommended By Director / CEO: - Mr. Suhas Soman

(Dhanalakshmi Group of Companies)

Approved By CMD :- Dr. Vibindas K

(Dhanalakshmi Group of Companies)

