



**VEDIKA CREDIT CAPITAL LTD**  
PARTNER IN THE GROWTH OF MICRO ENTREPRENEURS

2022

# INTERNAL AUDIT MANUAL

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## **PURPOSE AND SCOPE OF THE INTERNAL AUDIT DEPARTMENT**

The internal audit department has three primary functions.

- **Financial Control:** To examine and ensure the adequacy of book keeping, the adherence to operating procedures, completeness of books of accounts, effectiveness of internal control procedures, and to recommend remedial measures for weaknesses in any or all of the above.
- **Process Control:** To ensure there is complete policy adherence and process compliance in all the branches & there is consistency in processes in all the regions.
- **Operational Efficiency and Effectiveness:** To ensure that the organization is performing its core and critical operational processes with maximum efficiency and effectiveness.

## **OBJECTIVES OF THE INTERNAL AUDIT DEPARTMENT**

The objectives of the internal audit department, grouped by the purposes outlined above, are discussed below.

In terms of financial control, the objectives of the internal audit department are as follows:

- To assess the adequacy of bookkeeping and to ensure that books are maintained up-to date and properly;
- To assess the effectiveness of internal control procedures to ensure the protection of the organization's assets;
- To assess the consistency and accuracy of the functioning of the MIS system;
- To review the extent and quality of supervision of day-to-day operations by various levels of management and to ensure that they are in accordance with policies;
- To conduct special investigations of any irregularities detected during normal supervision of activities, and to determine the extent of loss, if any, suffered by VEDIKA;
- Follow up on improvements recommended in previous internal or external auditors' report and ensure that they are being implemented.
- In terms of operational efficiency and effectiveness, the objectives of the internal audit department are:
  - To ensure that the organization operates in the most efficient and effective way;
  - To ensure that accountability for funds and resources exists at every level of the organization;
  - To ensure that interest of all the stakeholders is protected and with efficient business practices attract future investments to the organization;
  - To ensure that precious financial, physical, and human resources are not wasted;

- To ensure that the laid down operating procedures are followed;
- To look for ways of improving existing operating procedures.
- In terms of adherence to mission, the objectives of the internal audit department are:
  - To ensure that VEDIKA continues to serve the poor;
  - To ensure that the security and viability of the organization are enhanced by concentrating on financial controls and operational efficiency and effectiveness;
  - To ensure that activities remain focused on the core goals of the organization.

### **DEFINITION OF AN INTERNAL AUDIT DEPARTMENT**

External audits by third parties are often a mandatory requirement for any organization. They are performed to satisfy management and shareholders/stakeholders that the financial affairs of the organization are in order and fairly represented.

An internal audit, in contrast, is a self-disciplinary measure that organizations use to improve their monitoring and management. It is an independent appraisal of an organization which is done internally as a review of the operations. It is a way to check the effectiveness of internal controls and ascertaining that the processes and procedures are followed for the good of all stakeholders.

Internal auditors are employees of the organization and work exclusively for the organization. The function or terms of reference for internal auditors are therefore determined by management. In the case of VEDIKA, this encompasses the three purposes outlined above - financial control, operational efficiency and effectiveness, and adherence to mission.

### **NEED OF INTERNAL AUDIT DEPARTMENT**

Internal audits are, as noted above, a self-disciplinary measure for organizations. As organizations expand in scale and sophistication, the need for such measures increases. The larger an organization, the larger is the need for an internal audit department.

While this is generally true, microfinance institutions have specific attributes which tend to make an internal audit department necessary as compared to other organizations.

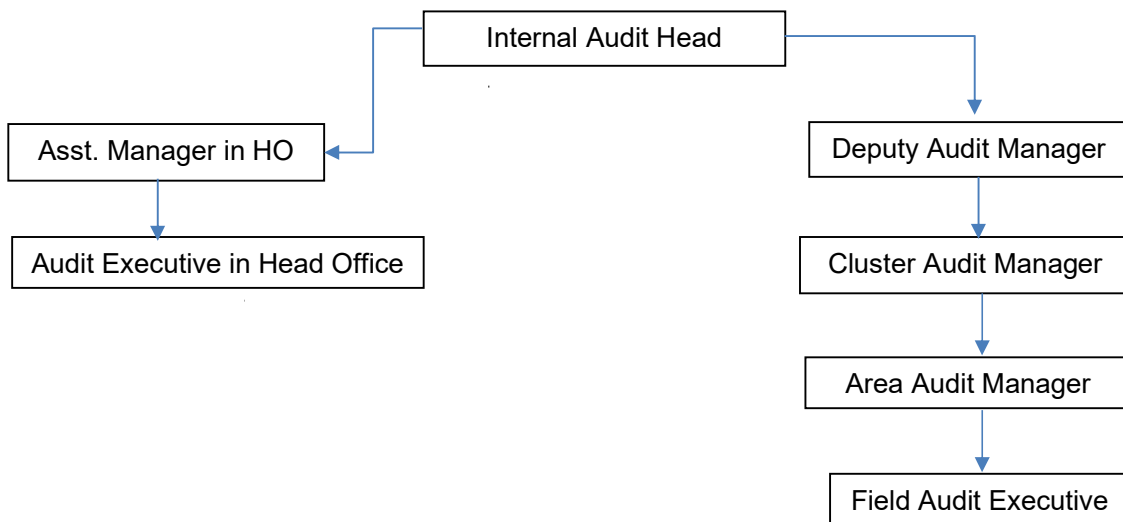
These are outlined below:

- **Large Number of Transactions:** Due to the nature of the business, large numbers of small transactions taking place daily at the branch level of the MFI.
- **Transactions outside Premises:** Most of the transactions take place outside office premises, at the center level in the field. The Relationship executive typically makes and records the transactions in the field, with only periodic supervision from the Branch Manager. Under such circumstances, it is essential to check the handling of the large volumes of cash transactions, to minimize the potential for errors or frauds.



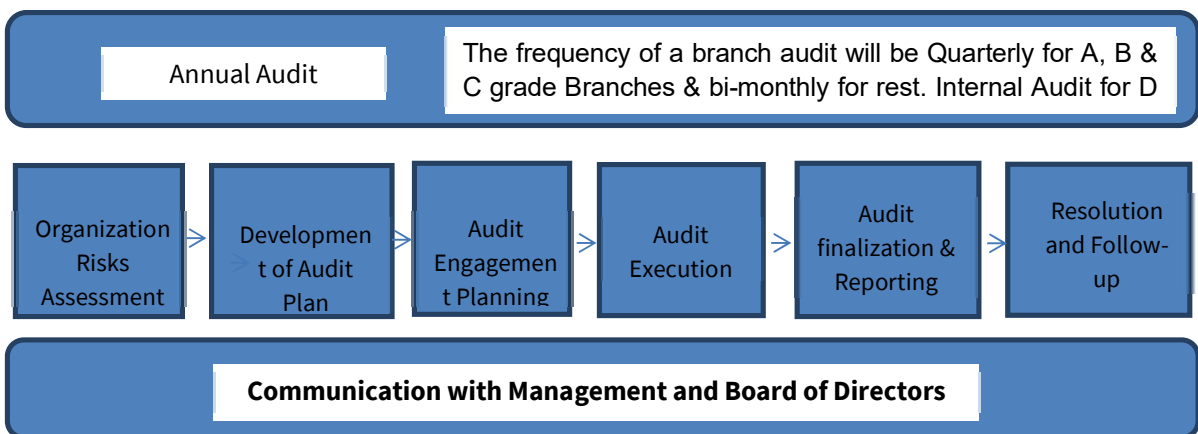
- **Illiterate Clients:** Most clients are illiterate. Their arithmetic knowledge is very poor and they are often unable to correctly calculate the size of installments. They therefore are largely dependent in these center meetings regarding monetary transactions.
- **Fiduciary Relationship:** The relationship between the clients and VEDIKA employees is fiduciary. A trustworthy relationship generally establishes itself between the clients and employees. This trust may be misused by a dishonest employee. Thus, the clients may be cheated. This would not only be detrimental to the client, but also extremely detrimental to the operations and reputation of VEDIKA. The internal audit department can thus act to prevent such occurrences, so that both the clients and VEDIKA as a whole are protected.

**INTERNAL AUDIT DEPARTMENT STRUCTURE**



**INTERNAL AUDIT PROCESS**

Internal Audit department members shall perform internal audits of all operational and support processes in accordance to the process described below. In case of audits beyond the purview of an internal audit such as Management audits, financial audits, MIS Audits, and special investigations, the process will be formulated based on its specific audit scope and focus.



## **SCOPE OF WORK OF INTERNAL AUDITORS**

An Internal Auditor is responsible for managing 4 to 5 branches assigned to him/his region. He will report to Internal Audit Manager/Audit Head for his day-to-day activities. Internal Auditor is responsible for checking the following.

- The accuracy and reliability of financial and operational information.
- Compliance of operational processes and policies as per the company's credit policies. Adherence of legal, regulatory and other statutory compliances.
- To check whether satisfactory operating criteria is met in the selection of clients, sanction of loans etc.
- To check whether organization's resources are used effectively and economically.
- To check whether organization's objectives are effectively achieved.

## **FREQUENCY OF BRANCH AUDIT**

The frequency of a branch audit will be Quarterly for A, B & C grade Branches & bi-monthly for rest. Internal Audit for D & E grade branches can be more frequent.

The following points will be considered while scheduling the audit of a branch.

- If the Audit of branch commenced before 15th of a month, the coverage of audit period will be up to last month. But if the commencement date falls beyond 15<sup>th</sup> of a month, the audit period will cover up to 15th of the current month).
- One Field Auditor will conduct 4/5 regular branch audits in a month. Based on the emergency, this will change accordingly.
- If the audit schedule of a branch is not falling during the repayment cycle, the next audit of that branch will be necessarily covered during the repayment cycle.

## **REPORTING**

This section discusses the reporting structure for Internal Auditors during the Branch Audit schedule. Commencement Mail:

Internal Auditor should send a commencement mail indicating the Audit Period and coverage of audit on the 1<sup>st</sup> day of visit.

*Dear Branch Manager/Area Manager,*

*We have commenced the Regular Audit of (Branch Name) for the audit period from (DD/MM/YYYY) to (DD/MM/YYYY).*

*Duration of the audit will be for 6 working days from today (tentatively).*



*Please make availability of files, registers and other relevant data/documents.*

*We would like to visit some customers/attend meetings during the course of our field visit along with the concerned RE/BM,*

*We seek co-operation from sales team for smooth completion of audit as per planned schedule.*

*Thanks, and Regards,*

*(Internal Auditor)*

Conclusion Mail:

Internal Auditor should send a conclusion mail indicating the Audit Period and coverage of audit on the last day of visit.

*Dear Branch Manager/Area Manager,*

*We have concluded the Regular audit of (Branch Name) today. We have discussed all the major observations with Branch Manager.*

*The findings/Audit rating confirmation will be done at HO.*

*We thank all the team members who have coordinated in conducting the audit.*

*Thanks, and Regards*

*(Internal Auditor)*

Communication mail will be sent to

To: Branch Manager and Area Manager

CC: Cluster Manager, COO, Audit MIS and Audit Head.

### **REQUIREMENT FOR COMPLETION OF A BRANCH AUDIT PROCESS**

Before visiting any branch, Internal Auditor should have adequate preparation and draw an audit plan in advance.

Guidelines regarding preparation of branch visit are set out below:

- During branch visit, Internal Auditor should wear employee ID card.
- In addition to that they should carry 'Audit Format'.
- Disbursement data of the Audit period.
- Document verification data (Observation collected at HO)

- Previous Audit observation data with compliance status.
- Demand Lists (for the audit period) based on the repayment schedule of the concerned branch.
- Overdue Data.
- Demand v/s Collection data for the audit period.
- Advance collection data.
- Audit should be surprise in nature and therefore prior intimation should not be conveyed to the branch staff.
- A comprehensive guideline for filling up Audit report has been framed for our Auditors. While doing this, Internal Auditor should follow the guidelines as mentioned below against different audit processes:

### **INTERNAL AUDIT PROGRAM AT THE BRANCH LEVEL**

In this section, we will describe the actual process which should be performed while doing branch audit.

Morning Prayer:

Internal Audit should check and attend the Morning Prayer. Morning Prayer should be recited on time (mentioned in the HR Manual).

Note: If the same is not recited at the branch level, the same should be reported in the Audit observation sheet.

The Internal Audit Program is divided into the following sections.

Cash Management

Customer Awareness

Documentation

Compliance

Management Information System (MIS)

### **GUIDELINES FOR WORKING PAPER MANAGEMENT**

On completion of the audit, the audit work plan and audit report must be appropriately linked to the relevant working papers. All working papers must be signed and dated by the respective audit executive performing the audit. Work paper documentation may be in the form of physical transcripts (vouchers, bills, and verified account statements), testimonials and or any other form of evidence deemed acceptable. Documentation may be maintained in the following forms:





- **Hard copies evidences:** In such case physical documents and files are obtained as evidences. They must be filed and stored within the secure premises of VEDIKA Head Office/Branch Offices.
- **Soft copy evidences:** soft copy evidence documentation may also be maintained as work papers. However adequate soft copy security requirements must be addressed such as - 'Edit/write protected' all soft copy files where possible etc. Soft copy evidences must be stored in a secure server drive accessible only to members of the Internal Audit Department. Types of acceptable soft copies evidences may include but is not limited to:
- **Microsoft Excel, Word and Power point evidence documentation:** Evidence of analysis performed, calculation sheets, testimonials recorded, minutes of meetings etc. In cases where work paper is excel or word based, documentation should be 'edit protected'
- **Email documentation:** Emails are considered acceptable forms of evidence to indicate approvals, information distribution and update, recording and distribution of minutes of meetings and as on

#### **Audit work paper ownership, access and retention:**

Audit work papers are the property of VEDIKA CREDIT CAPITAL LTD. The files are under the control of the Internal Audit Department and are accessible only to authorized personnel.

The Head of Internal Audit should approve all requests for access to audit working papers. The content of all audit work papers is to be held in strict confidence. Working papers will be stored in department file cabinets.

#### **CASH MANAGEMENT**

- **Physical Closing Cash Verification:** Verify whether physical cash balance is tallying with the Cash book's cash balance.
  - Sample: On the First day of the Visit **(Annexure 1)**
- **On-Site Cash Verification of Relationship Executive:** Verify the Cash Bag of Relationship Executives. Any excess or uncounted cash will be reported in the Audit observation report.
  - Sample: Two or three Relationship Executives (REs) on a random basis **(Annexure 2)**
- **Excess Cash Management:** Verify the closing cash balance, whether the closing cash has crossed the limit prescribed for the closing cash. Internal auditor should check the reason for holding the cash. If cash was not deposited due to casual approach of branch staff, then remark should be mentioned. Issue with bank should be considered.
  - Sample: 01" to 30<sup>th</sup> of the previous month. **(Annexure 3)**
- **Updating of Cash Book:** Internal Auditor should collect some data in specified format given in the Audit Format to understand the accuracy of data. For doing such exercise

Internal Auditor should check some other documents and reports like Collection Charts, Receipts, MIS, etc. Based on the results remarks should be updated in the audit format **(Annexure 3)**

- Sample: Whole of the Audit Period
- Generally, there should not be any difference between closing cash. However, if there is any mismatch, Internal Auditor should discuss the issue with the BM and if explanation is not satisfactory then it should immediately be escalated to his superior and update the same thing in the audit report.

### **CUSTOMER RELATED CHECK**

- Customer Awareness: Verify whether customers are trained as per the VEDIKA Process and Policies, customer acquisition process was completed under process, Time discipline of RE and customers.
- Individual Customer Contact: Verify whether the group training was conducted properly, Product knowledge and process understanding is clearly communicated to the customers, the customer shall be satisfied with the services provided by VEDIKA, Time discipline of RE & Members, all members present, whether GRT was effective and serves the purpose of customer selection; customer homogeneity etc. Any gaps/adverse/negative/ observations etc. will be noted.
  - Sample:
    - 5 customers per RE (whose repayment is not started)
    - 4 customers per RE (whose 1<sup>st</sup> repayment is started) **(Annexure 4)**
- Absent Customer more than 3 months and OD/PAR visits (if any): - Internal Auditor should visit the overdue customer house and observe the reasons for over dues. **(Annexure 5)**
- In addition to above, Internal Auditor should analyze the overdue ageing from the date of disbursement. If any major deviation found from such interaction, it should be reported in the audit report. Examples of such observations are - relatives in same JLG, high profile customer, ghost customer, commission for getting loans, age of the customer, multiple loans etc.
  - Sample: All OD cases. **(Annexure 6)**
- Verification (VF) Process: -Verify whether the VF was completed properly. Original ID and address proof was verified properly. House verification was done or not by RE.
  - Sample: 4 Ongoing VF process. **(ANNEXURE 7)**
- Compulsory Group Training (CGT) verification: - Verify whether the CGT was started on time with all required documents, customers attendance in all training days and the process of CGT conducted by RE.

- Sample: 2 Ongoing CGT process. **(Annexure 8)**
- Group Recognition Test (GRT) verification: - Verify whether the GRT was started on time with all required documents, customer's attendance in all training days and the process of GRT conducted by BM
  - Sample: 2 Ongoing GRT process. **(Annexure 9)**

### **Repayment Process**

Following checks needs to be done during collection field visits:

- Individual Customer Contact (ICC) was done to enable RE to know customer aware about collection meeting i.e., the day of demand. Customer shall give the EMIs only after ensuring that the relationship executive is from VEDIKA and shall know his identity.
- Relationship executive shall go on time for collection every month. Collections shall be made only in accordance with the demand list. EMIs shall not be collected from customers prior to when they are actually due.
- Center Attendance Register (CAR) should be available to the center and money collected should be mentioned on the register provided, while making collections. Pass cards of customers shall be updated for EMI.
- Collection meetings shall be attended by all the customers and for absent customers, reason should be mentioned.
- Whether customer has closed the loan before the scheduled period in case of repeat loans and pre-closures cases.
  - Sample: Internal Auditor should observe at least 4/5 repayments per RE during audit days and Internal Auditor should cover **(Annexure 10)**

### **Documentation**

#### **Disbursement Process**

- Verify whether all the required documents are filled up with the proper details.
- Is the counselling about the loan its use and explanation for the entire amount collected?
- Collection of LPF, Service tax fees, insurance fees, etc. All are collected accurately and disbursement register is maintained properly with customer's signature.

In addition to filling up the questionnaire, Internal Auditor is encouraged to do open discussion with customer on random basis, only after completion of disbursement or before starting disbursement. If any major deviation found from such interaction, it should be reported in the audit report. Examples of such observations are - relatives in same JLG, high

profile customer, ghost customer, commission for getting loans, age of the customer, multiple loans etc.

Sample: 2 Live Disbursement process at the branch level. **(Annexure 11)**

### **BRANCH RELATED CHECK**

- Legal compliances, Notices and Registers: - To verify the following lists are displayed at the branch level.
  - Sample: Not Applicable **(Annexure 12)**
- Insurance Register
  - To verify all the death cases are recorded in the register and cross tally with MIS.
  - All the details are maintained properly and accurately.
  - To verify the pending claim settlement ageing.
    - Sample: All death cases as on the audit date.

### **MIS**

- During audit period, Internal Auditor should review different MIS reports generated on test check basis to confirm that MIS is showing true and fair picture of the portfolio.
  - Audit Format

At the time of filling up Audit Format, Internal Auditor should follow the guidelines as mentioned below:

- Allocation of Centers - Internal Auditor should check whether all centers have been allocated among the existing REs. In case of new joining/transfer of RE in the branch, 15-day relaxation should be given for such updation in MIS.
- Repayment Slot - Time and date of the repayments, visited by the Internal Auditor should be checked with Collection Charts.
- Customer Profile - All the data related to customer profile such as name, spouse name, income and expenditure etc., captured in different forms, should be checked with MIS.
- While reviewing the MIS, the objective of Internal Auditor is to check whether MIS is showing the true and fair picture of the branch. Therefore, if any major deviation found during the audit, which is distorting the actual position, should be reported in the detailed report. Examples of such deviations are - huge errors in 'Overdue Report', huge difference in Collection Chart etc.

## **ADMINISTRATION**

- Control of BH (Branch Head)

While reviewing the overall control of any Branch Manager following criteria should be considered:

- Field Presence - Field presence of the BH needs to be reviewed to get a sense about the coverage of centers /bazaars and FOs. Further special care should also be taken to review the visits of the BH particularly to the centers scheduled at early morning.
- Activities of REs – Executive should check the control of the BM over the activities of his/her FOs. Movement register may be an initial source for getting some ideas about the control. Further BM's presence in CGT and Verification can be considered as a yardstick of measurement. **(Annexure 12)**

In addition to the above points informal interaction with the REs may also provide a sense of overall control of any particular BM.

- Control of AM (Area Manager)

While reviewing the overall performance of the AM, judgment should be based on the following parameters:

- Identifying Core Issues - Branch Supervision Register (BSR) should be reviewed to understand the role of AM, which provides a sense of the performance of any particular AM in terms of identification of core issues, strategy/suggestion for addressing such issues. To know the AM's ability of finding/addressing core issues Executive should review his/her overall observations with AM's observations as mentioned in BSR.
- Coverage Area - Executive should review the time spent by the Area Manager concerned in terms of no. of branch visit, field activities and frequency of visit. In addition to that availability of the AM at the time any critical/important phase needs to be considered as a parameter for judgment. **(Annexure 12)**

In addition to the above points' informal interaction with the BM as well as REs may also provide a sense of overall control of any particular AM.

As this is not a comprehensive guideline, other logical and innovative ideas can also be considered while reviewing or measuring the overall performance of any particular branch.

## **BRANCH RATING**

While visiting any particular branch, Internal Auditor need to assess the overall position of the branch on the basis of certain criteria as specified in Internal Audit format.

While grading any branch, Internal Auditor should validate the grade by putting his/her comments in the Internal Audit observation sheet. Further he should also discuss his observations with the BM concerned in detail. During the discussion if any valid explanations provided by the BM, Executive should revise his grade accordingly. **(Annexure 12)**

### **PENALTIES ON BRANCHES**

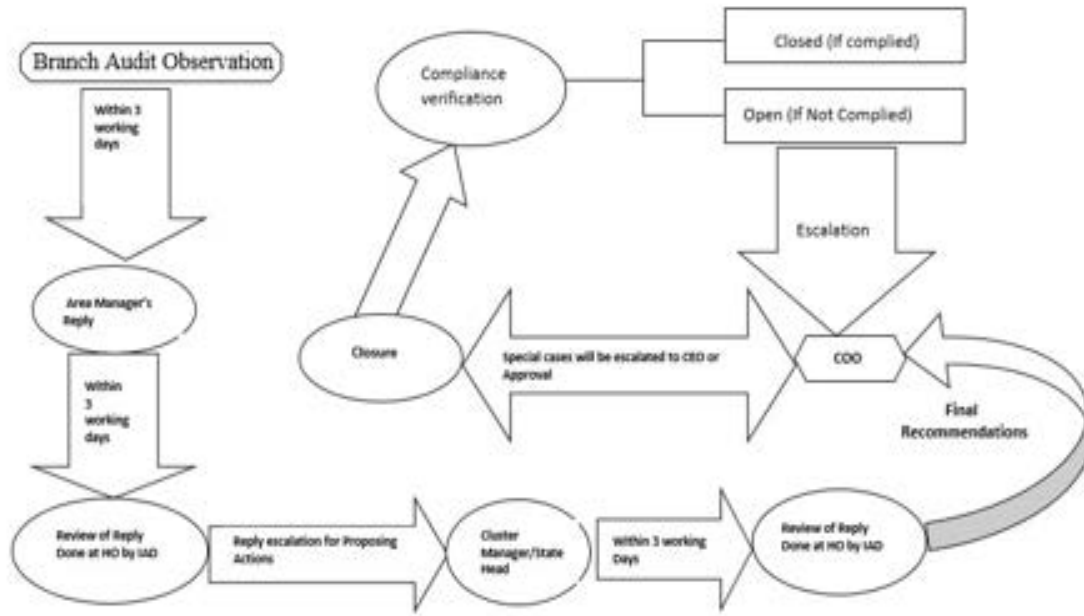
- Due weightage should be given in the performance appraisal of the branch staff for the audit rating of the branch during the relevant year.
- Any three serious repetitive observations found for a particular employee, a written warning letter should be issued and on repetition of such observation, employee will be terminated.

### **COMPLIANCE PROCESS**

- Both the quality of replies from branches and their timeliness have left much to be desired. Branches, sometimes, copy the same reply and paste it for all observations, whether it is relevant or not.
- Therefore, it is decided that all replies to audit reports (not merely closure recommendations) should be routed through only State Head. The State Head other designated officials, should vet the reports and satisfy themselves that they are in order before forwarding them to IAD with their recommendations for closure or otherwise.
- Any delay beyond the due date for closure/receipt of final reply for closure with recommendations from SHs/CMs, should be escalated to COO with a copy to MD and Audit Head.
- While evaluating the replies of the branches to the audit observations, the following should be noted
- An expression of intent (such as 'will be rectified') is not acceptable. The reply should clearly state whether the irregularity has been rectified or not. In case it is not possible to rectify an irregularity, the reasons should be stated and the matter should be taken up with the SH/CM by branches and if it is a process/policy related matter requiring HO approval, etc., CM (Where SH is not available) should take up with COO for overlooking the lapse/initiating appropriate action, etc.
- False, wrong confirmations or misleading replies will be viewed seriously and will expose the staff concerned to further corrective action.
- Perfunctory, vague or otherwise unsatisfactory replies should be taken up for correction before sending them to IAD. Audit reports should be dealt with in two replies to ensure timely closure. Audit reports which are not closed within 2 consecutive reminders' will be escalated to COO/MD for information.
- The Area Manager is the designated authority to submit replies to the audit report under his mail ID before sending it to Head office. In his/her absence only CM should reply, duly

mentioning the fact of AM's absence due to leave, etc., in the mail sent to Head office. (ANNXURE XVII)

## ESCALATION MATRIX AND CLOSURE STATUS



## OTHER GUIDELINES

### Branch Related

- Internal Auditor should try to report at the branch office on or before 7 AM. However, in exceptional cases, if internal auditor report at the branch one day before, advance intimation over phone must be given to the branch staff.
- INTERNAL AUDITOR should not interrupt CGT/GRT until the completion of the meeting. He/she may convey his/her observations/suggestions after completion of the meeting. However, in no case, this should be done in front of customer. Documents can be checked during CGT/GRT.
- INTERNAL AUDITOR should not involve in any operational activities and should not provide any commitment to the customers.
- INTERNAL AUDITOR should use his/her internal mobile for recording voice of any branch staff or any customers. However, in exceptional cases voice recording may be done only after taking prior approval from the Audit Head.
- INTERNAL AUDITOR can suggest cancellation of any activity or rejection of any customer if there is a violation of Operations policy. However ultimate decision will be lying with the Sales team.



- INTERNAL AUDITOR should verify whether figures reported in weekly/ daily reports are tallying with the General Ledger and Disbursement sheet and Cash Book.
- If there is a discrepancy, report reasons
- Verify whether BM is going to center meetings where loans are disbursed in the previous week, reconciling with members and certifying the genuineness of loan disbursements:
- In how many centers, BM conducted the Group recognition test during audit period.
- What is the % of loan verified by BM against total disbursement for the audit period?
- Are there any discrepancies identified by BM

#### **Criteria for selection of IA**

- Should be an outsider (should not come from the existing staff: REs, BMs etc.)
- Should be a graduate.
- Should have good mathematical ability and communication skills.
- Willing to travel and attend center meetings
- Should have reasonable level of knowledge in English along with proficiency in Hindi
- Good handwriting
- Should be objective, honest, confidential person with a high level of integrity

#### **Other aspects:**

- Are the registers and other documents filed and maintained properly?
- Is the branch maintained cleanly every day?
- Verify whether staff are maintaining personal hygiene and decently dressed
- Does the staff keep themselves neat and clean while on duty?
- Does the staff maintain the accommodation room properly?
- Verify whether safe locker keys are maintained as per the Company's policy (one key should be with BM and one key should be with the Senior RE)
- Verify whether BMs and AMs are appraising loans as per the Company's policy.

#### **PERIODICAL REVIEW OF THE POLICY**





The Policy is flexible and easy to understand and comply with by all levels of employees. The Board should review this Policy periodically but at least once in a year, so that it remains appropriate in the light of material changes in regulatory requirement with respect to the Company's size, complexity, geographic reach, business strategy, market and best governance practices.

The policy can also be reviewed as and when deemed necessary by the Top Management and amendments effected to the same, subject to approval of the Board if any, and when practical difficulties are encountered. The Top management may also review the policy on document retention to comply with any local, state, central legislation that may be broadcast from time to time

#### **AMENDEMENT OF THE POLICY**

The Board of Directors on its own and/or on the recommendation of the Audit Committee or top management can amend this policy as and when required deemed fit. Any or all provisions of this Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.



**ANNEXURES**

Annexure 1

<b>VEDIKA CREDIT CAPITAL LTD.</b>		
<b>Internal Audit Department</b>		
<b>Physical Cash Verification Statement</b>		
	<b>Applicability</b>	<b>N</b>
<b>Date/Time of physical count</b>		
<b><u>Denomination as per Cash Book</u></b>		
2000.00		0.00
500.00		0.00
200.00		0.00
100.00		0.00
50.00		0.00
20.00		0.00
10.00		0.00
2.00		0.00
Coins		0.00
<b><u>Denomination as per Physical Verification</u></b>		
2000.00		0.00
500.00		0.00
200.00		0.00
100.00		0.00
50.00		0.00
20.00		0.00
10.00		0.00
2.00		0.00
Coins		0.00
<b>Closing balance as per Cash Book</b>		<b>0.00</b>
<b>Balance as per Physical Verification</b>		<b>0.00</b>
<b>Difference</b>		<b>0.00</b>
<b>Difference (Yes/No)</b>		
<b>Reason for Difference:</b>		



Annexure 2

On Site (Branch) Collection Verification							Applicability	N
Sl. No.	RE Id	Name of RE	Date	Total collections as per DL	Total Physical Cash Available	Difference	Difference Noted	Audit Observation

Annexure 3

Statement Showing Demand vs collection and				Applicability of Demand vs collection										N	Applicability of		N				
Total Demand	0	Total Default Days	0	Total No. of Days				0	No. of Days Excess Cash Found				0	Approval Obtained			0				
SLNo	Date	Opening Balance	Disbursement Amount	Demand as per DL	OD	Recovery	Difference	Accounted (Y,N)	Remarks	LPF	I. Fee	S. Tax	Cross Sale	Banking	BDS Banking	Closing Balance	Cash Balance as per	Remarks(Excess Cash /	Approval Obtained	Remarks for Excess Cash	



Annexure 4

CUSTOMER FIELD VISIT REPORT		Applicability	N			Points Secured	Total Points	
Trait No.	Particulars	Sl. No.	Customer ID	Marks				
I	Training		Customer Name					
			Center Name					
		1	Do you know the company name from whom you have availed loan ? (Mark 1 if OK and 0 if not)	1			0	0
		2	Where is the branch? (Mark 1 if known and 0 if not)	1			0	0
		3	Name the person who is servicing for VEDIKA (RE/BM/AM) (Mark 1 if at least 2 names are known and 0 if not)	1			0	0
		4	How many days of training have you attended? What duration? (Check abnormality) (Mark 1 if it is normal and 0 if abnormal)	1			0	0
		5	How many people attended training? (Check if batch size matches & also check if batch size is more than 25) (Mark 1 if it is same as batch size and 0 if abnormal)	1			0	0
		I	Score			0	0	0
II	Product Knowledge	1	Can you explain the meaning of mutual guarantee ? (See if they understand the concept in terms of repayment in case of default) (Mark 1 if they know and 0 if they don't)	1			0	0
		2	What is the loan amount you have availed ? (Mark 1 if correct and 0 if not)	1			0	0
		3	How much have you paid initially to avail the loan (See if normal charges are mentioned or any extra amounts (?) is mentioned. (Mark 1 if it is normal ,0 if extra is paid Further highlight deviations in NOTES) *	1			0	0
		4	What is your monthly EMI? (Mark 1 if accurate and 0 if not)	1			0	0
		5	Do you remember how many installments you have yet to pay ? Upto what month and year (Mark 1 if accurate and 0 if not)	1			0	0
		II	Score			0	0	0
III	Customer Acquisition	1	Can you recall the procedures followed w.r.t. (i) VF (ii) CGT (iii) GRT (iv) House verification (check if process is correct and look out for deviations for which NOTES to be given) (Mark 1 for correct procedure and 0 if not)	1			0	0
		2	Can you name the members of your group? (Check if member shows familiarity with atleast 80% of batch member) (Mark 1 if they know and 0 if not known)	1			0	0
		3	Can you name your group leader and center leader? (Mark 1 if they know and 0 if they don't)	1			0	0
		4	Do you know where all the members of your group stay? (Mark 1 only if all other 4 members house is known and 0 if not known)	1			0	0
		III	Score			0	0	0



IV	CIF Data Gaps	1	Can you tell me your house address ? (Check if it matches with CIS) (Mark 1 if it matches and 0 if not; if the customer is illiterate, the same may be marked as 1)	1		0	0	
		2	Whether your house is Owned by you/spouse/Rented/Leased?	1		0	0	
		3	Please tell the name/s of the Family members & approximate Income.	1		0	0	
		4	Cross check the information on Native place, No. of members in the family, Savings & Asset Details owned by the family.	1		0	0	
		5	Do you have O/S loans with others? If so, how much & with whom? (Check if it matches with CIS & Mark1 and 0 if not; if it is closed, mark as 1). Note: Loans o/s with other MFIs/ Banks at the time of applying loan with VEDIKA	1		0	0	
		IV	Score		0	0	0	0
V	Customer Service	1	Are you satisfied with VEDIKA services ?(Mark 1 if yes and 0 if not) If anything is unusual highlight in NOTES	1		0	0	
		2	Record Suggestions If any	0		0	0	
		V	Score		0	0	0	0
VI	Loan Proceeds Utilisation	1	What was the purpose for which you have taken the loan from VEDIKA? (Mark '1' if the same is for 'income generating' and if not '0'.	1		0	0	
		2	Have you bought any asset or used it for working capital? If for working capital and income generating activity, nature of activity/business be indicated (Question for statistical purpose only)	1		0	0	
		3	How much of the loan amount was utilised for the above mentioned purpose? (Question for statistical purpose only - indicate the amount utilised for the said purpose)	1		0	0	
		VI	Score		0	0	0	0
VII	NEFT Transfer/Cheque Payment	1	Can you confirm when the amount was credited to account/Cheque received?	1		0	0	
VIII	Collections Performance	VII	Score		0	0	0	0
		1	Whether anyone came to see your house before the disbursement?	1		0	0	
		2	When did you get the disbursement amount?	1		0	0	
		3	Do you see the VEDIKA official and his ID Card before you pay the EMI collection amount? - customer education point	1		0	0	
		4	Do you know our relationship executive name? (Mark 1 if OK and 0 if not) - customer education point	1		0	0	
		5	Whether our relationship executive come on time for collection every month or is there any delay and you have not paid the EMI on time & collection date?	1		0	0	
		6	Whether Collection is made only when EMIs are due?	1		0	0	
		7	Do you get the receipt promptly whenever you make the payment of EMI contribution. (Mark 1 if OK and 0 if not)	1		0	0	
		8	Whether your passcard is updated by our executive every month when he collects EMI? (Mark 1 if OK and 0 if not)	1		0	0	
		9	Have you attended all the collection meetings and signed on the register available at center? (Mark 1 if OK and 0 if not)	1		0	0	
		VIII	Score		0	0	0	0
IX	Rating	1	How Is the service of the vedika?	5		0	0	
		VII	Score		0	0	0	0



Annexure 5

Absent Customer details							Applicability	N
Sl.No.	Customer Id	Customer Name	Center Name	RE ID	RE Name	Date of disbursement	Observations Noted	Audit Observation

Annexure 6

Overdue customer details								Applicability	N
Sl.No.	Customer Id	Name of Customer	Center Name	Re Id	RE Name	Date of Disbursement	OD Amount	Observations Noted	Audit Observation



Annexure 7

Applicability		N							
Field Verification Report									
S. No	Customer Id							Points Secured	Total Points
	Customer Name								
	Center Name								
	RE Name								
	Nominee Name								
1	Customer Primary KYC details as per HO								
	Customer Primary KYC physical check verified (Y/N) (Mark 1 if Y and 0 if N)							0	0
2	Secondary KYC details as per HO								
	Secondary KYC physical check verified (Y/N) (Mark 1 if Y and 0 if N)							0	0
3	Customer Signature details as per HO								
	Customer Signature Verified (Y/N) (Mark 1 if Y and 0 if N)							0	0
4	Primary KYC of Nominee details as per HO								
	Primary KYC of Nominee physical check verified (Y/N) (Mark 1 if Y and 0 if N)							0	0
5	Nominee Father Name								
	Nominee Father Name match with other members KYC (Y/N) (Mark 0 if Y and 1 if N)							0	0
6	Nominee Signature details as per HO								
	Nominee Signature Verified (Y/N) (Mark 1 if Y and 0 if N)							0	0
7	Do you own the house (Y/N) (Mark 1 if Y and 0 if N)							0	0
8	Any Relationship found with others customer of same JLG (Y/N) (Mark 1 if Y and 0 if N)							0	0
<b>Score</b>								0	0



Annexure 8

COMPULSORY GROUP TRAINING				
Applicability	N			
Relationship Executive Id				
Relationship Executive Name				
Group Name				
Center Name				
CGT = Day 1 or Day 2				
Date of CGT				
No. Of Members				
Sl. No.	Questionnaire	Mark s		
1	Does the meeting start on time and with the Proper Salutation?	1		
2	Are all the prerequisite documents CB Report etc. available before CGT?	1		
3	Were all the members were present in all days of CGT, if attended 2nd day CGT of new loan?	2		
4	Does the RE describe all the points mentioned (for that CGT)?	2		
5	Does the RE conduct the meeting for stipulated time period?	1		
6	Does the RE provides Toll Free number to the customers?	1		
7	Is overall quality of the CGT satisfactory? (Good=3, Average=2, Poor=1)	3		
		<b>11</b>	<b>0</b>	<b>0</b>





Annexure 9

Group Recognition Test				
<b>Applicability</b>	N			
<b>Relationship Executive Id</b>				
<b>Relationship Executive Name</b>				
<b>Group Name</b>				
<b>Center Name</b>				
<b>Date of CGT</b>				
<b>No. Of Members</b>				
Sl. No.	Questionnaire	Mark s		
1	Is cross verification by BM at the time of GRT?	1		
2	Are the prerequisite documents with respect of members available, filled up and signed by BM before conducting GRT?	2		
3	Does the BM ask members about the group responsibilities as a Group?	2		
4	Does the BM verify whether Group members know each other?	2		
5	Does the BM enquire about other loan details of clients and their family members?	2		
6	Does the BM enquire about the livelihood/economic activities of the household?	2		
7	Does the BM enquire about the terms and conditions of pre-payment and pre-closure?	2		
8	Does BM enquire about insurance facilities and its charge?	1		
9	Does the BM conduct GRT for stipulated time period?	1		
10	Is overall quality of GRT satisfactory? (4= Very Good, 3=Good, 2=Average, 1=Poor)	4		
		<b>19</b>	<b>0</b>	<b>0</b>



Annexure 10

Center Meeting Process								Applicability	N
Sl.No.	Date of Collection	RE Name	Centre Name	Total Number of Members	Number of Members Present	Present %	Appropriate EMI taken as per DL.	Observation Present	Audit Observation

Annexure 11

DISBURSEMENT					
Applicability			N		
Relationship Executive Id					
Relationship Executive Name					
Center Name					
Date of Disbursement					
Sl. No.	Questionnaire	Marks			
1	Are all the requisite documents filled in before disbursement?	2			
2	Is the counseling about the loan its use and explanation for the entire amount collected?	1			
3	Is the collection of respective loan application fees, insurance premium are done?	1			
		4	0	0	



Annexure 12

List of Notices and Registers		Applicability	N
Questionnaire		Marks	Ans. / Grade
1	Is the signboard of organization displayed?	1	
2	Are the following license/agreement/note available/displayed in the branch?		
	i) Trade License	1	
	ii) Commercial Meter	1	
	iii) Certificate -Shops and Establishment	1	
	iv) Certificate -RBI	1	
	v) Certificate -ROC	1	
	vi) Rent Agreement	1	
3	Are the following Registers/Files/documents available/up to date?		
3.1	Operation Policy	1	
3.2	RE handbook	1	
3.3	Circular Files	1	
3.4	Monitoring register	1	
3.5	Branch Supervision Register	1	
3.6	Display Board	1	
3.7	Center Files - Registration files	1	
3.8	Center Files - Loan files	1	
3.9	Center Files - Rejection files	1	
3.10	Daily Recovery Denomination Summary (DENSUM) Sheet	1	
3.11	Collection sheet file	1	
3.12	First Aid Kit	1	
3.13	Laptop Provided to Branch	1	
3.14	Data Card (Net Dongle)	1	
3.15	Repayment Receipt book	1	
3.16	Route Map Register	1	
3.17	Branch Expenses Book	1	
3.18	Attendance Register	1	
3.19	Branch Staff Daily Activity Register (BAR)/Movement Register	1	
3.20	Cash Book	1	
3.21	BM Movement file	1	
3.22	OD follow Up Record File	1	
3.23	Insurance claim register	1	
3.24	Branch Staff Meeting Minutes Register	1	
3.25	Fixed Assets Register	1	
3.26	Display of Toll Free Number	1	
4	Are all the branch people updating their movements on daily basis?	1	
5	Do the BM and all REs have driving license & 3rd party Insurance for his/her bike?	2	
6	Is office decorum maintained during audit period?	1	
7	Is cleanliness of the branch satisfactory? ( 3=Good, 2=Average, 1=Poor)	3	
		40	0