



Operational Incidents Socializations Shrawan 2074

Following incidents are reported to Operation Risk in the Month of **Shrawan 2074** (July-August 2017). Some of the cases have already been resolved and some are under scrutinies which have to be taken care by all the Branches.

Incident- 1

Interest Calculation Stop

Interest calculation was stopped in a Loan account of a branch while changing parameters in the system. As per IT department, change has been made in feature maintenance as IsNormal Dr='F'

Risk Factor:

This kind of errors may lead the bank to financial losses or the reputational losses.

Risk Frequency- Very Unlikely;

Risk Severity- Significant

Risk Level- High

Existing Status: Closed

Incident- 2

Loss of Vault Keys:

A set of Vault key was lost by a staff while going office from home. The Branch has been instructed to make a spare key set and handle only by authorized persons.

Risk Factor:

It is a very serious issue committed by the negligence of staff. The Vault key must be handled by only the authorized persons on due care. Staffs should not move around market or other public places taking the key. It should be totally under control of the key holder.

Risk Frequency- Very unlikely;

Risk Severity- Significant

Risk Level- Medium

Existing Status: Open

Incident- 3

Cash short Rs 1,00,000

Teller Cash short committed in a Branch. The cash short amount could not be traced after the verification of transaction list as well as CCTV footage. However, the shortage amount has been deposited by the Teller. The proper control in the teller- counter has to be applied to minimize this kind of errors. In CCTV observation, we found poor cash management in cash counter area.

Risk Factor:

This kind of risk directly exposes the Bank and the user as well. However, some operational lapses have been observed at the branch. Cash handling must be done carefully and it requires proper attention while handing such sensitive cash activities.

Risk Frequency- Likely;

Risk Severity- Minor;

Risk Level- Medium

Existing Status: Open



Incident- 4

Cash Excess Rs 47500

Teller cash was excess in a Branch. As per the branch report, the cash excess amount could not be traced after the verification of transaction list. This deviated cash was unable to find and recorded in Teller Cash over Account.

Risk Factor:

The risk directly affects the Bank both operationally and reputational. If it is the case of none depositing the customers' money, impair the customers' faith. Cash handling must be done carefully and required giving proper attention.

Risk Frequency- Possible;

Risk Severity- Minor;

Risk Level- Low

Existing Status: Open

Incident- 5

Problem in DVR and Hard Disk of CCTV

Non recording of CCTV camera since long time due to problem occurred in DVR and Hard Disk. The incident was identified on the inspection by vendor. The issue has already been mentioned in Operation Risk review report on CCTV.

Risk Factor:

It is the indication of high level of operation risk. Bank may expose to the loss financially and reputational. It is also regulatory non compliance which cannot be accepted.

Risk Frequency- Possible;

Risk Severity- Severe;

Risk Level- High

Existing Status: Open

Risk Matrix

2074 Shrawan		SEVERITY				
		Negligible	Minor	Moderate	Significant	Severe
FREQUENCY	Very Likely					
	Likely		1			
	Possible		1			1
	Unlikely					
	Very Unlikely				2	



Other General Issues

1. Cash In Transit

In some instances of Inter-Branch Cash Transfer has been done without recording on Cash in Transit. It exposes high operation risks to the Bank in addition to the Non Compliances of Standard Operating Practices (SOPs) of the Bank. Concerned Branch Managers are strictly instructed to immediately stop this practice and start booking all cash transfers under Cash in Transit without fail before transferring fund to any other locations.

2. Debit Advice

In some instances, Debit advice has been issued by branch without debiting customer's account and payment was made accordingly. As the branch has debited customer's account on next date it exposes very high operation risks to the Bank.

3. Wrong Entry

In some instances, wrong entries (error of omission, error of commission, compensating, duplicating) committing in the books of account of some branches and used to rectify by passing reversal entries frequently. Branch Managers/Operation In charges are strictly instructed to stop this practice and verify the transactions with supporting documents/advice before validating the stack in computer system.

4. ATM Operation

In some instances, ATMs were found not working and out of order. Likewise, in some instances were found shutter down without any notice. Branch Managers/Operation In-charges required to assure for the functionality of ATM.

5. CCTV Functioning

A detailed review report on CCTV functioning has submitted by Operational Risk Department indicating current status of CCTV functionality and the Management has instructed to the concerned Departments for its necessary execution and implementation.

Special Note

It is the phase of Enhancing Internal Control System and Risk Management Practices in the Bank. For this, Incident reports are must. Branches are trying their best to send the report, and, we hope that the incidents would come in next month whatever happened in the Branch.

Plz note, it is not the report of errors, It is the source of corrections of Bank's weaknesses