



Operational Incidents Socializations

Falgun 2074

Following incidents are reported to Operation Risk Department in the Month of Falgun 2074 (February 2018 - March 2018). Some of the cases have already been resolved and some are under scrutiny. With the approval, the issues has been circulated herewith to the branches for their information and precautions in future.

Incident – 1

Teller Cash Excess Rs. 60,000

Teller cash of NPR 60,000/- was exceeded. Physical cash was checked on same day and found excess cash, however, could not check deposit voucher/cheque, transaction list on same day due to system closing time and booked in TELLER EXCESS CASH A/C (9161302010100). All transaction list, deposit voucher/cheque was checked on next working day and found mistake entry in system to that of actual received cash. The cash excess was reversed and difference amount was booked in customer account. The same incident was occurred in previous period also which reveals the weak internal control in counter cash management.

Risk Factor / Recommendation

The risk directly affects the Bank and the customer as well. Some operational lapses have been observed at the branch. Cash handling must be done carefully and required giving proper attention in some areas of counter operation immediately. Teller must write denomination in all cheque payment and reconcile the cash with paid cash, check the denomination with deposit slip and verify the cash to minimize this type of issue.

Risk Frequency: Possible

Risk Severity: Moderate

Risk Level: Medium

Existing Status: Closed

Incident – 2

Fake note detected Rs. 1,000

While cash verification by teller staff during cash deposit in customer account one fake note Rs. 1,000 was found in the bundle of one thousand. Note has been rechecked with various means and concluded that the note is fake. Such note was immediately sized and punched and customer has been alerted. New genuine note was demanded from customer in place of fake note.



Incident – 2

Risk Factor / Recommendation

This is the high risk and high sensitive event. The following procedures is suggested for fake note detection and confirmation:

- If counterfeit (fake) notes are found at the counters from any customers, the teller shall inform the Head Teller/Operation In-Charge and should seize immediately.
- Staffs should be extra careful on this and ensure themselves that the notes, which they have suspected are counterfeit.
- A Written statement should be obtained from the customer that from which source did she / he received the note(s) and the details should be reported to compliance department. A format should be developed so that customer feels comfortable to sign.
- The Customer should be dealt with due care so that the customer do not feel that he has been harassed.
- The notes should be sent to NRB for further verification / checking and if thought appropriate the matter should be informed to Police but after having detailed discussion with Chief Operating Officer.

Risk Frequency: Unlikely

Risk Severity: Significant

Risk Level: Medium

Existing Status: Closed

Incident – 3

Halt of Branch Operation

Branch was not able to do any transaction due to electricity problem. According to branch, branch called the electrician and repaired the electric line and started operation.

Risk Factor / Recommendation

The risk directly affects the Bank on its operation and reputation as well. Branch has to be very cautious on wiring of electricity line, power back up plan, and condition of generator. Branch need to do regular check and maintenance of electric assets of the branch. The use of outsource services under annual maintenance contract should be used efficiently. There are frequent reports from the branches regarding the business close due to electricity.

Risk Frequency: Possible

Risk Severity: Moderate

Risk Level: Medium

Existing Status: Closed



Incident – 4

UPS and Power Supply Problem

Recently installed UPS of the branch is damaged due to short circuit within 3 days of installation even after its repair and maintenance. Due to short circuit and UPS problem, branch need to totally dependent on Generator for the continuous power supply to the systems for the smooth operation of the branch. This type of incident was occurred in previous time also and this is third time the problem has repeated within this year. Because of frequent short circuit and problem in UPS branch frequently facing difficulty on its regular operation as well as recording on CCTV and DVR also.

Risk Factor / Recommendation

The risk directly affects the Bank on its operation and reputation as well. Concerned support department of corporate office must be serious enough on this kind of issues, it has direct impact on the reputation of the bank.

Risk Frequency: Unlikely

Risk Severity: Significant

Risk Level: Medium

Existing Status: Closed



Risk Matrix

Ashadh and Shrawan 2075		SEVERITY				
		Negligible	Minor	Moderate	Significant	Severe
FREQUENCY	Very Likely					
	Likely					
	Possible			2		
	Unlikely				2	
	Very Unlikely					

Management Instruction

The Branch Managers/ Department Heads to develop the procedures to minimize such risk / incidents in future.