|  |  |
| --- | --- |
| Governance and Management Oversight: | (ix) There was no system to conduct annual assessment of compliance risk  and no risk oriented activity plan had been developed for compliance  assessment as required in terms of extant RBI guidelines. The annual report  on compliance failures/breaches was not compiled and placed before the  Management Committee as stipulated in the Compliance Manual of the  bank. |

**Response to Point No 9 of ISE 2021 Observations--- PFB the broad parameters for compilation of Compliance Risk Assessment Report. You are requested to give your inputs/findings for perfect response to above Audit point of RBI SSM Team.**

**Criteria for evaluating CO’s Compliance Risk Assessment profile ;**

**(Compliance Risk Assessment Report)**

1. Compliance Activity Report and Regulatory Concerns Status

2. Internal Controls/Internal audit reports and Process Lapse findings

3. Compliance Training(Internal Control, Others),

4. Key Compliance Issues (Internal Controls, others),

5. AML Key Issues,

6. KYC Activity Summaries,

7. STR/CTR/CBWTR (Financial Intelligence Unit) Related

8. AML and Other Training / Compliance Officer's Education Details during the year

9. CMR Deadlines, and LCC Details

10. Regulatory Concerns (Main Issues/Technical or otherwise)

11. Regulatory Reporting Timelines Status

12. RBS and Tranch Reportings

13. Complaints and Penalty Status

14. Others/HO Reports/Lapses in RBI MDs

Brief Details of above parameters -

1. ‘**Compliance Activity Report**’ checks the branch’s overall compliance plan and its execution on a monthly basis. Compliance Officer should keep track of the latest compliance trends and make sure that the branch is in compliance with its regulatory requirements.
2. ‘**Internal Controls**’ checks the no. of Quality control tests conducted and their completeness. The branch should conduct at least 30 QC tests for KYC, TM, and safewatch alerts on Compliance Front.

And lapses in process flow of different functions of the bank to be audited/verified by Audit Department.

1. **‘Compliance Training’** involves how often and with what contents the branch has conducted its training sessions. The topic should cover any compliance related issues on laws, regulations and internal policies that apply to the branch’s day to day job.
2. The branch should also report **‘Key Compliance Issues (Internal Controls, others)’** to Head Office. Issues could be anything from guidance to notice, etc. sent from the Local Supervisory Authorities to financial institutions. The branch should report these issues in a timely manner and with details including **actions taken by the branch to address the issue**.
3. ‘**AML key issues**’ is on par with ‘**Key Compliance Issues (Internal Controls, others)’** except for the reporting topic(AML).
4. **‘KYC Activity Summaries’** includes some of the quantitative criteria ; for instance, no. of KYC cases conducted without attaching supporting documents and sanctions alerts remaining unresolved for more than 30 days are subject to KPI points deduction. For the Watch List Filtering, the staff should determine whether the Hit is False or True based on the information collected from the customer and report the result.
5. **‘STR/CTR’** checks the completeness and timeliness of each report.

Meeting the deadlines is of the key essence in FIU R.

1. **‘AML training / Compliance Officer's Education Details’** is about the branch’s training sessions delivered each month and CO’s personal efforts on personal growth such as attending seminars, conferences, forums or other educational sessions.

**9. ‘CMR Deadlines’** is submitting the monthly report within 5 business days of each month(HO give out notice every month).

10. **Regulatory Concerns** (Main Issues/Technical or otherwise) **Timelines Status**- Returns calender details and lapses in filling of returns to be reported.

11. **RBS Reportings**- Lapses and deficiencies observed in RBS data submissions.

12**. Complaints and Penalty Status**- Status of customer complaints details and any notice legal, SCN or therwise received from any regulatory agency.

13. **Others/HO Reports** – Any adverse remarks or findings from AML and Sanctions Compliance Department of HO

14. Last but not least, **‘Others’** is the overall performance of your cooperation to HQ’s requests, reporting quality, and how well the branch addressed its issues, etc.