

## Internal Audit Reports ? Q1 JUNE 2024

July 2024

Review Areas:

Wholesale LOB (Project and Structured Finance Group segment)

Audit Period:

June 2023 to March 2024

Scope

### SOURCING

Business sourcing model and its governance

Controls on business tagging

Tagging of DSA in core system

Employee Incentive process

Deviation approval management

### CREDIT ASSESSMENT AND SANCTION

Compliance with policy, processes, regulations and product programme

Case sanction as per approval matrix

UCIC generation and Risk categorisation

Review of de-dupe process for customers and collaterals

Credit evaluation such as CIBIL, Pan validation, Income eligibility calculation i.e. LTV and FOIR, age norms

Review of Risk Containment Process for files scrutinised by the Risk Containment Unit (RCU)

Review of collaterals and other documents

### POST SANCTION PROCESS SUCH AS DISBURSEMENT, ONGOING MONITORING, RENEWAL, ETC.

Adherence to the regulatory guidelines and internal processes on Loan Disbursement and Document storage

Scope

Deviation/ approval matrix

Disbursement, documentation, security creation and release, insurance, etc

Charge creation for collaterals as per CERSAI guidelines

Income and fee recognition including system controls for levy of processing charges

Covenants, Conditions precedent and Conditions Subsequent Monitoring through system

Portfolio Monitoring and exposure tracking

Project Monitoring including Site Visits, Recon of collections in Escrow A/c with NOC issued and Sales MIS

DPD and NPA classification through system

Loan restructuring/ revalidation

Facility renewal process

Recon of Income and outstanding balances of principal and interest as per LMS, Accounting System and D

Ongoing Regulatory Compliances such as Re-KYC, SBL/GBL, NPA provisioning, LTV, etc

Effectiveness of the automated controls established at Operations end

Review of statutory regulations, Scale Based Regulations, Master Directions - KYC, RBI circulars, Internal

Overview on Internal Audit and Executive Summary of Key Issues

Overview of Internal Audit Report ? March 2024

Report Rating: Satisfactory