

## INTERNAL AUDIT POLICY

### ***Purpose***

The purpose of the 'Internal audit policy' is to set out the framework within which Internal Audit provides objective and independent assurance and advice to the Audit Committee, and to the Board of Directors of the Company, over the processes and systems of internal control and risk management operating in the Group.

### **Application and scope**

The scope of the 'Internal audit policy' covers all aspects of the business so as to enable it to meet its primary objective. This includes, but is not limited to, the assessment of systems, processes, controls, information and operations relating to the following:

- Business units and any other related interests
- IT systems and services
- Risk management and assessment
- Finance and accounting
- Compliance and regulatory operations and oversight
- Corporate governance
- Human resources
- Management information
- Third party relationships
- Ethics related objectives, programs and activities, and risk and control culture
- Other functions that support the operation and infrastructure of the Company including regulatory related models and frameworks.

### ***Internal Audits***

**Gold and Document verification Audit** will be conducted to add value and improve the company's operations. It assists the company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the company's risk management, control and governance processes.

### ***Audit Team***

The audit functions are pivotal. We will have a separate audit vertical in the company functioning in HO for overseeing audit functions and it's independent of business functions / team.

### ***Process***

The following are the salient features of the audit framework -

- The audit team will be independent of the business team
- There will be two types of audit **1) Gold audit 2) General / Accounts audit.**
- There will be two audit teams – one team will take care of Gold audit and the other team will take care of General/Accounts audit.
- The irregularities / comments are grouped under three major categories – **Minor /Major /Serious.** We have an escalation matrix /reporting requirement for each type of comments. **Serious irregularities / comments will be reported to Authorized official by audit department.** The details of irregularities with its numbers are given in the annexure. The number noted against each comment will be constant and should remain same in all our communication etc., Hence branches / employees need to get thorough with those and be careful while working and understanding.
- The frequency of Gold Audit will be once in three/four days or as may be decided by Audit Head depending upon branch /volume / seriousness /requirement if any. General/Accounts audit will be once in a month or as decided based on requirement by audit department. Both may change depending upon the risk /volume in the future and as decided by Audit Head. Audit schedule will be centrally decided and will be confidential to the Auditors.
- Audit team who audits a branch will submit an audit report to Audit department detailing the irregularities found in the audit. The same will be submitted after completion and discussion with the branch manager. Branch Manager is directed to go thru and get convinced of the irregularities before signing the report as a token of his acceptance.
- The report needs to be submitted by the staff who audits branch to the concerned official and Audit department by mail.
- Branches are directed to take efforts to rectify the irregularities on the spot and that needs to be shown in the audit report. While the rectification /comments notified need to be rectified by branch on the spot to the maximum extent possible, if it's practically not possible the rectification process needs to be completed within a period of a maximum of 15 days.
- On submission of report to HO audit team, they will send communication for follow up of rectification by branches. Concerned officials also must follow up and ensure rectification of all comments within 15 days' time. While it will become an item for review in the business review, The authorized official is also to follow up the rectification process from time to time.

- Branches are directed to submit a progress report on rectification at the earliest **but mandatorily within 15 days.**
- Audit department on receipt of progress report will scrutinize the same. If they agree with branch representation for rectification they will account as rectified or otherwise will intimate that it's not rectified and still outstanding. After scrutiny, audit department will send an Interim /final rectification report to branches. This will contain details about which are all comments accepted as rectified (based on branch report) and final outstanding comments after the report submission.
- Copy of the reports will be endorsed to Concerned Officials by e mail. Progress and rectification report also must / will be copied to them for information and follow up action.