

GUIDELINES
ON
INTERNAL CONTROL &
COMPLIANCE IN BANKS
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BANGLADESH BANK

Committee for Updating the Guidelines

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List of Acronyms

BB- Bangladesh Bank

BRPD- Banking Regulation & Policy Department

BIS - Bank for International Settlement

FRSB- Financial Reporting Standards Boards

IAS- International Accounting Standards

BAS- Bangladesh Accounting Standards

AAOIFI - Auditing and Accounting Organization for Islamic Financial Institution

IFSB - Islamic Financial Services Board

MIS - Management Information System

BoD- Board of Directors

CEO- Chief Executive Officer

MD- Managing Director

DMD- Deputy Managing Director

SMT- Senior Management Team

ACB- Audit Committee of the Board

DCFCL- Departmental Control Function Check List

LDCL -Loan Documentation Check list

QOR- Quarterly Operations Report

ICCD- Internal Control & Compliance Department

AD- Authorized Dealer

A&IT -Audit & Inspection Team

IT/IS - Information technology/ Information System

ICT- Information & Communication Technology

ADP - Automated Data Processing, EDP - Electronic Data Processing

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Chapter-1

Internal Control & Compliance

1.1 Overview

Banking is a diversified and multifarious financial activity which involves different risks. So the issues of an effective internal control system, good governance, transparency of all financial activities, and accountability towards its stakeholders and regulators have become momentous to ensure smooth performance of the banking industry. An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the banking industry. In general, internal control is identified with internal audit; but the scope of internal control is not limited to audit work. Internal control by its own merit identifies the risks associated with the process and adopts measures to mitigate or eliminate these risks. Internal Audit, on the other hand, reinforces the control system through regular review of the effectiveness of the controls.

The responsibility of implementing internal controls starts with the business lines, which are the “first lines of defense” against breaches that could cause the bank not to fulfill its objectives, not to report properly, or not to comply with laws and regulations. Beyond that, in any bank, the three important “control functions” are risk management, compliance, and internal audit. This triumvirate of key functions is underpinned by, and in turn implements and reinforces, the system of internal controls. The first two of these control functions constitute the “second lines of defense” against mishaps. The final, or “third line of defense” is the internal audit function.

An effective internal control system requires that there are reliable information systems in place that cover all significant activities of the bank. A system of strong internal controls can help ensure that the goals and objectives of a banking organization will be met, that the bank will achieve long-term profitability targets, and maintain reliable financial and managerial reporting.

Internal controls form particularly a crucial backdrop of the risk management program. An essential part of the internal control framework is periodic testing to determine how well the framework is operating, so that any required remedial actions can be taken. The frequency of testing should be risk-based and should involve as appropriate sample transaction testing, with the sample size being determined by volume and the degree of risk of the activity.

1.2 Definition

Internal control is a process, effected by a bank’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

Internal control is a process, rather than a structure. It is not a separate activity disconnected from the rest of business activities, rather is an integral part of those activities. It is a dynamic, continuing series of activities planned, implemented and monitored by the board of directors and management at all levels within an organization. Only part, not all, of internal control consists of policies and procedures. Policies are board or management statements about what should be done, and may even be unwritten and implied by management’s actions. Procedures are the actions that implement a policy, or how it should be done. Internal control provides only

reasonable assurance, not absolute assurance, with regard to achievement of the organization's objectives. External events can interfere with achievement of objectives, no matter how good is the system of internal control.

1.3 Internal Control Environment

The control environment reflects the overall attitude, awareness and actions of the board and management concerning the importance of internal control. It is the framework under which internal controls are developed, implemented and monitored. It consists of the mechanisms and arrangements that ensure internal and external risks to which the bank company is exposed to. Control environment factors include integrity, ethical values and competence of the employee, management's philosophy and operating style, the way management assigns authority and responsibility and how it organizes and develops its human resources.

The appropriate and effective internal controls are developed and implemented to soundly and prudently manage these risks; reliable and comprehensive systems are to be put in place to appropriately monitor the effectiveness of these controls. The factors which together comprise the control environment are:

- A board of directors that is actively concerned with sound corporate governance and that understands and diligently discharges its responsibilities by ensuring that the company is appropriately and effectively managed and controlled;
- A management that actively manages and operates the company in a sound and prudent manner;
- Organizational and procedural controls supported by an effective management information system to soundly and prudently manage the company's exposure to risk; and
- An independent audit mechanism to monitor the effectiveness of the organizational and procedural controls.

1.4 Objectives of Internal Control

The primary objectives of internal control system in a bank are to help the bank perform better through the use of its resources, to communicate better internally and with external stakeholders, and to comply with applicable laws and regulations. The main objectives of internal control are as follows:

- **Operations Objectives:** achievement of a bank's basic mission and vision.
- **Reporting Objectives:** timely, accurate, and comprehensive reporting, financial and non-financial, internal and external.
- **Compliance Objectives:** conducting activities and taking specific actions in accordance with applicable laws and regulations.

The **operations objectives** of internal control are critical to the long-term survival of the bank and distinguish it from its competitors. For example, the bank's mission and vision can translate into operations objectives such as financial performance (the size, profitability, liquidity, and capital adequacy of the bank); productivity (minimizing operating expenses); customer and employee satisfaction, achievement of social goals (corporate social responsibility, financial inclusion); safeguarding of assets (preventing unauthorized acquisition, use, or disposition); and others.

Operations objectives also include compliance with with a bank's internal policies and procedures.

The **reporting objectives** of internal control ensure that all the necessary information, but only the necessary information, flow within the bank, into the bank, and out of the bank. Reporting objectives can be subdivided into four categories:

- **External financial reporting** is perhaps the most important variety of reporting to be guarded by capable internal controls. (In fact, it is so important that it is given a separate set of documents in the COSO Framework.) External financial reporting includes supervisory reporting to BB, as well as the unaudited and audited financial statements submitted by banks to BB and the BSEC, plus other required financial disclosures such as intent to issue shares.
- **External non-financial reporting** also requires internal control. One example is the submission of Board minutes to BB. Another example are the public statements issued by banks on their new products and services, CSR initiatives, etc.
- **Internal financial reporting** forms the core of “management information systems” or MIS, and is essential for good corporate governance and proper management of the bank. It is also a concern of BB. MIS need to be complete and accurate, with internal control over such essential reporting as reports to the Board on liquidity, asset quality, profitability, capital adequacy, etc., reports on profitability by line of business or by customer, and reports on major expenditures that require approval of the Board.
- **Internal non-financial reporting** includes communication between and among senior management and staff on policies and procedures, HR-related communications on compensation and benefits, internal transfers and promotions, etc. Internal non-financial reporting also includes the very important category of corporate codes of ethics and conduct, which must be communicated to management and staff, with violations reported back to the Board.

The **compliance objectives** of internal control refer to ensure that the bank stays in compliance with all applicable laws and regulations, not only those specifically pertaining to banks, but also those laws and regulations (such as labor laws and environmental protection laws) applying to corporations in general. Laws and regulations establish minimum standards of conduct expected by BB as the regulatory authority. Some banks may elect to conform to stricter standards of conduct (such as higher capital requirements) than those required by law or regulation. (Compliance objectives do not include compliance with a bank's internal policies and procedures, as these are part of operational objectives.)

These three objectives – operations, reporting, and compliance – are supported by five *components* of internal control. Underlying these five components is a set of 17 principles, organized in the following manner:

Control Environment:

1. The bank demonstrates a commitment to integrity and ethical values.
2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities the pursuit of objectives.

4. The bank demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. The bank holds individuals accountable for their internal control responsibilities in pursuit of objectives.

Risk Assessment:

6. The bank specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
7. The bank identifies risks to the achievement of its objectives across the bank and analyzes risks as a basis for determining how the risks should be managed.
8. The bank considers the potential for fraud in assessing risks to the achievement of objectives.
9. The bank identifies and assesses changes that could significantly impact the system of internal control.

Control Activities:

10. The bank selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
11. The bank selects and develops general control activities over technology to support the achievement of objectives.
12. The bank deploys control activities through policies that establish what is expected and procedures that put policies into action.

Information and Communication:

13. The bank obtains or generates and uses relevant, quality information to support the functioning of internal control.
14. The bank internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
15. The bank communicates with external parties regarding matters affecting the functioning of internal control.

Monitoring Activities:

16. The bank selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
17. The bank evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board of Directors, as appropriate.

1.5 Control Activities and Segregation of duties

Control activities(Principles 10, 11, and 12) are the most tangible internal controls that the Internal Audit function will concentrate on to a large degree. The auditor will be concerned with understanding whether a control prevents an error or detects and corrects an error. Control activities may be manual or, if relevant, where processes are computerized then they may also have specific IT control activities.

- An effective internal control system requires that an appropriate control structure be set up with control activities defined at every business level, i.e. top level review; appropriate activity

controls for different departments or divisions; physical controls; checks for compliance with exposure limits and follow-up on non-compliance; a system for approvals and authorizations; and system verification and reconciliation.

- Control activities involve two steps: (1) the establishment of control policies and procedures and (2) verification that the control policies and procedures are being complied with.
- Senior management should ensure that adequate control activities are integral parts of the daily functions of all relevant personnel; this enables quick response to changing conditions and avoids unnecessary costs. Control activities are most effective when they are viewed by management and all other personnel as an integral part of daily activities rather than an addition to it.
- One of the most important aspects of an internal control system is an appropriate segregation of duties and personnel who are not assigned conflicting responsibilities.
- Furthermore, employees must also be provided with necessary authority, and they should be held accountable for their actions in compliance with delegated authority. Exceeding their authority or failing to exercise their rightful authority should both be sanctioned.
- For employees to carry out their responsibilities properly, each employee should have an appropriate job description.
- Areas of potential conflicts of interest should be identified, minimized, and subject to careful independent monitoring.

Chapter-2

Policy Guidelines for Internal Control

2.1 Policies and Procedures – internal to the bank and externally mandated

In addition to any existing relevant legislation, the following statements of policies and procedures relevant to internal control are to be meticulously implemented by the bank, and adherence to which is reviewed by the Internal Audit and Compliance functions:

- 1 Credit Policy Manual
- 2 Operation Manual
- 3 Finance and Accounting Manual
- 4 Treasury Manual
- 5 HR Policy Manual
- 6 Internal Control Manual
- 7 IT Audit Manual
- 8 Payment System Manual
- 9 Anti Money Laundering Guidelines
- 10 Agent Banking Manual
- 11 Green Banking Manual
- 12 Guidelines for Foreign Exchange Transactions
- 13 Basel Core Principles for Effective Banking Supervision
- 14 International/Bangladesh Accounting Standard (IASB)/IAS/BAS
- 15 Guidelines of Auditing and Accounting Organization for Islamic Financial Institution (AAOIFI)
- 16 Manual of Islamic Financial Services Board (IFSB)
- 17 BB Guidelines on Islamic Banking
- 18 Bank Company Act-1991(amended to 2013)

2.2 Responsibilities of the Board of Directors(BOD)

The responsibility of the Board of Directors in respect of implementing a modern, scientific and acceptable Internal Control and Compliance Process in a Bank has been described in Banking Companies Act, 1991 Rule 15 (Kha) and exclusively in section 15 (Ga). The responsibility of BOD can be summarized as follows:

- The board shall be observant on the internal control system of the bank in order to accomplish a satisfactory standard of its portfolio. The board will form an Audit Committee with such directors who are not the members of Executive Committee of BOD and a Risk Management Committee from its members.
- The board will also establish such an internal control system so that the whole internal audit process can work independently from the management which will report to the Audit Committee.
- The BOD shall review the reports submitted by its audit committee on quarterly basis regarding compliance of recommendations made in internal and external audit reports and as well as Bangladesh Bank inspection reports.

In addition to the above the following responsibilities will also be observed by the BOD:

- They should set up an organizational structure of Internal Control and Compliance Division in such a way that, it should have no conflict of interest with the regular management of the bank and fulfil the requirements as directed in the Rule 15 (Ga) (1) of BCA 1991 for establishing and maintaining effective internal control and risk management having regard to the complexity of the activities of the bank, its size, scope of operations and risk profile;
- The board of directors should, at least annually, conduct a review meeting about the effectiveness of internal control process and report to the shareholders accordingly;
- The board of directors should hold meetings in suitable intervals with interested parties such as senior management, internal auditors, external auditors and the audit committee in the evaluation of the effectiveness of the internal control system.
- ensuring that internal audit reports are provided to the board (if asked for) without management filtering and that the internal auditors have direct access to the board's audit committee as and when required.
- requiring timely and effective correction of audit issues by senior management.

2.3 Structure and Responsibilities of the Audit Committee of the Board.(BRPD Circular-11 dated 27/10/2013)

The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

a) Organizational structure:

- Members of the committee will be nominated by the board of directors from the directors;
- The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director;
- Audit committee will comprise with directors who are not executive committee members;
- Members may be appointed for a 03 (three) year term of office;
- Company secretary of the bank will be the secretary of the audit committee.

b) Qualification of the Members of the Audit Committee:

- Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ;
- Each member should be capable of making valuable and effective contributions in the functioning of the committee;

iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.

iv. Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee.

c) Roles and Responsibilities of the Audit Committee

(i) Internal Control:

1. Evaluate whether management is setting an appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;

2. Review management's actions in computerization of the bank and its applications and Management Information System (MIS) of the bank.

3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;

4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.

5. With governance & guidance from the Board of Directors the ACB will put in place policies and procedures to identify, measure, monitor and control risks.

6. As the roles and responsibilities of the Board, Executive Committee, Credit Committee and Management Committee are of high impact and high frequency, ICC needs to take special care in order to identify lapses specially in (i) sanction and rescheduling of loans & advances, interest waiver, write-off of loans, Director's loans, large loans, etc. (ii) presenting financial and non-financial position of the bank, (iii) allowing perks, benefits, incentives etc (iv) procurement and disposal of assets/services/materials,(v) managing risks and uncertainties in the bank. So ICC should meticulously examine the minutes and memos of Board/Executive Committee/Credit Committee/Management Committee meeting to assess the fact that memos were presented with proper and adequate information and decisions in minutes were carried accordingly.

(ii) Financial Reporting:

1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;

2. Discuss with management and the external auditors to review the financial statements before its finalization.

(iii) Internal Audit:

1. Audit committee will monitor whether internal audit is working independently from the management.

2. Review the activities and the organizational structure of the internal audit and ensure that no unjustified restriction or limitation hinders the internal audit process;

3. Examine the efficiency and effectiveness of internal audit function;

4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.

(iv) External Audit

1. Review the performance of the external auditors and their audit reports;

2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.

3. Make recommendations to the board regarding the appointment of the external auditors.

(v) Compliance with existing laws and Regulations:

Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.

(vi) Other Responsibilities:

1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;

2. External and internal auditors will submit their related assessment report, if the committee solicits;

3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

d) Meetings:

1. The audit committee should hold at least four meetings in a year and it can sit any time as it may deem fit;

2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;

3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance(at least three days) before each meeting;

4. All decisions/observations of the committee should be noted in minutes.

2.4 Responsibilities of the Management

In setting out a strong control framework within the organization the role of Managing Director/CEO is very important. The board of directors of the bank/organisation will define/form Senior Management Team(SMT) that should include the MD/CEO and the Chief Financial Officer. Any officer that perform a policy making function or is in charge of a principal business unit/function may be member of SMT. However, any executive of ICC audit should not be member of SMT. The bank/organization should report the composition of the ECM(and update thereto) to Banking Regulation and Policy Department of Bangladesh Bank.

2.4.1 Functions of Senior Management Team(SMT)

Responsibilities of the SMT should include monitoring the adequacy and effectiveness of the Internal Control System based on the bank's established policy and procedure.

The SMT will review on a yearly basis the overall effectiveness of the control system of the organization and provide a certification on a yearly basis to the Board of Directors on the effectiveness of Internal Control policy, practice and procedure.

The management will enrich audit teams with adequate skilled manpower and proper IT support as per requisition of the ACB for purposeful and effective audit. The management will ensure compliance of all laws and regulations that are circulated by various regulatory authorities such as, Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission, etc.

During the audit period, if the present audit team finds any lapse or irregularity which was not detected or identified by the previous auditor, then that will be reported to the Audit Committee.

2.5 Management Information Systems (MIS)

- An effective internal control system requires that there is an efficient reporting system of information that is relevant to decision making. The information should be reliable, timely accessible and provided in a consistent format.
- Information would have to include external market information about events and conditions that are relevant to decision making. Internal information should include financial, operational and compliance data.
- There should be appropriate committees within the organization which would evaluate data received through various information systems. This will ensure supply of correct and accurate information to the management.
- Internal information must cover all significant activities of the bank. Electronic data must be secured, monitored independently and supported by contingency arrangements.
- Most importantly the channels of communication must ensure that all staff fully understand and adhere to policies and procedures effecting their duties and responsibilities and that other relevant information are reaching the appropriate personnel.

2.6 Role of External Auditors in Evaluating the Internal Control System

- The external auditors, by dint of their independence from the management of the bank, must provide recommendations on the strengths and weaknesses of the internal control system of the bank and submit their findings in the management report.
- They should examine the records, transactions of the bank and evaluate its accounting policy, disclosure policy and methods of financial estimation made by the bank; they will cooperate the Board and the Management to have an independent overview on the overall control system of the bank.

2.7 Dispute Settlement

Any unresolved issue between SMT and ICCD to be referred to the Board of Directors through ECB and ACB respectively and then to Bangladesh Bank(if needed).

Chapter-3

Control risk assessment

3.1 Assessing business and control risk.

Risk is the net negative impact of the exercise of vulnerability, considering both the probability and the impact of occurrence. Effective risk assessment must identify and consider both internal and external factors.

3.1.1 Internal factors :

- (i) Complexity of the organization structure,
- (ii) The nature of the Bank's activities,
- (iii) The quality of personnel,
- (iv) Organizational changes and
- (v) Employee turnover.

3.1.2 External factors :

- (i) Fluctuating economic conditions,
- (ii) Changes in the Industry,
- (iii) Socio-political realities
- (iv) Technological advancement, and
- (v) Changes in rules and regulations

3.2 Construction of risk model.

Audit risk arises when the auditor gives an inappropriate audit opinion and the financial statements are materially misstated. Audit risk has three components:

a. Control risk:

This risk occurs when a material misstatement would not be prevented, detected or corrected by the accounting and internal systems such that there are some practices in the banking operations which are not backed by the law or established procedures.

b. Detection risk:

Detection risk is the risk that an auditor's substantive procedures will not detect, and a misstatement exists in an account balance or class of transactions that could be material individually or when aggregated with misstatement in other balances or classes.

c. Inherent risk:

Inherent risk is the susceptibility of an account balance or class of transactions arising out of misstatement that could be material individually or when aggregated with misstatement in other balances or classes, assuming that there were no related internal controls.

Audit risk = Risk of material misstatement + Detection risk

Risk of material misstatement = Inherent risk + Control risk

3.3 Risk Recognition and Assessment

- An effective internal control system continually recognizes and assesses all of the material risks that could adversely affect the achievement of the bank's goals.
- Effective risk assessment must identify and consider both internal and external factors. Internal factors include the complexity of the organization structure, the nature of the Bank's activities, the quality of personnel, organizational changes, and employee turnover. External factors include fluctuating economic conditions, changes in the industry, socio-political realities and technological advances.
- Risk assessment by Internal Audit differs from the business risk management process which typically focuses more on the review of business strategies developed to maximize the risk/reward trade-off within different areas of the bank. The risk assessment by Internal Audit focuses on all risk areas specially on compliance with regulatory requirements, social, ethical and environmental risks those affect the banking industry.

3.4 Risk Analysis of Control Functions

Individual items in the Departmental Control Function Checklist(DCFCL) need to be assigned a risk rating in terms of the following dimensions:

a) **Impact:** Before taking into account any mitigation (such as insurance), what is the impact of the lapse/omission?

b) **Probability:** After taking into account the mitigation, what is the likelihood of the event occurring?

To assist in this task, the following matrix (**Table 1**) can be used. However some banks may consider customization of this matrix to suit their own risk profile. Where appropriate, additional details (e.g. financial values) can be added. The key principle is that all banks should be able to differentiate between different levels of risk in their own area of activity and then ensure appropriate controls are established. Scores should be plotted on the following table to determine a category of high, medium and low:

		Assessed Risk Level		
Probability	3	High	High	High
	2	Medium	Medium	High
	1	Low	Medium	High
		1	2	3
		Impact		

Table-1**Risk Assessment Matrix**

To arrive at the decision of what constitutes a high, medium or low risk, the following template can be used:

Risk Score	Probability (after taking into account of risk mitigation)	Impact (before taking into account of mitigation)
3	• High probability or almost certainty • High/frequently recurring • Governed by widely anticipated external factors/frequency of management review not established • New area of risk with no policy & procedure to deal with the matter • Probability uncertain • Complex, requires specialized skills to mitigate	• Catastrophic/major impact on the bank • Potential loss in excess of BDT 1Million. • Serious regulatory implications (Revocation of license, imprisonment)/sanctions. • Potential/actual damage to reputation • Major corporate governance failure
2	• Evidence of increasing trends • Management reviews largely to manage exceptions • Policies exists but compliance is complex • External factors have medium bearing on ability to follow established standards • Process requires moderate degree of supervision	• Significant impact on the bank. • Potential loss in excess of BDT 1,00,000 • Possibility of fines/penalties from regulators • Medium financial loss with some potential for recovery • Medium level of reputation risk • Exposure due to control weakness
1	• Unlikely • Isolated incident/Not likely to be repeated • Frequent management review/ well documented • Clear policy exists • External factors have low impact on ability follow established standards • Process simple	• Potential or actual loss less than BDT 1,00,000 • Low impact on business or reputation • Exposure on regulatory sanctions low • Customer service issues are within expected levels • Impact on local business unit level

The above checklist is not specific to any individual bank, and the terms of reference may not be generalized in some cases. This should be replaced by a comprehensible list based on business and control parameters, which are quantifiable, and then should be commonly available for all banks.

Risk Score Probability (after taking into account risk mitigation)

Impact (before taking into account mitigation)

The risk assessment matrix must consist of business and control risk. However, the matrix by itself will not serve the purpose. The business and control risk must have different factors/parameters which must be quantifiable, and eventually risk assessment will give a picture of the risk associated with the units/branches/functions upon which the annual audit plan will be drawn up. Based on the risk assessment matrix, the audit plan will be as follows:

Risk Rating Frequency Sample Volume

Risk Rating	Frequency
High	Quarterly
Medium	Half Yearly
Low	Yearly

Risk Rating will be determined by business and control risk of a particular branch.

3.5 Branch Audit Rating

The branch audit rating has to be done on the basis of the scoring arrangement stipulated in **Annexure-B**. The risk assessment by Internal Audit focuses more on compliance with regulatory requirements; controls over implementation of management policies, procedures and decisions related to the risks which were communicated and asked to enforce along with all other risks at branch level.

Chapter-4

ICCD Related Issues

4.0 Introduction

All departments, and all business lines, are responsible for developing, implementing, and making sure that the controls are observed and not breached. Individual departments or business lines will be vigilant and will participate fully in the internal control regime where ICC should act as internal watchdog of the organisation. The main issue of ICC is to look after whether bank machineries are acting as vanguards of its assets, reputation and Depositors' interests. ICC will not involve in bank's operational activities, but oversee whether bank is following regulatory guidelines, institutional policies and procedures set by/and approved by the BoD covering related Laws of land and whether there is any deficiency in internal policy and procedure.

As per Section 15 (ga) of Bank Company Act-1991, the ICC should be independent, and free from other units of the bank. It will act independently without influence of Management.

4.1 Organization Structure/ Organogram of ICCD:

For smooth functioning of internal control and compliance, the department will be comprised of three major Divisions/units (Annexure-A), Which are as follows-

- a. Audit Division/Unit
- b. Compliance Division /Unit
- c. Monitoring Division /Unit

For convenient way of action and effective administration according to the nature of the bank, Volume of work, No. of Branches, (Rural, Urban, AD, Corporate), Assets involvement, Concentration of assets, Risk involvement etc. Audit Division and compliance division may be further divided in to the following divisions/ units-

1. **Audit Division-1:** To carryout audit on All AD, Corp. Br. Circle, Zonal Office, Subsidiaries & H/O(divisions/dept).
2. **Audit Division-2:** To carryout audit on Branch offices(Non-AD & SME/Agri. branches).
3. **Audit Division-3:** To carry out specialized(IT/IS) and vigilance audit.
4. **External Audit Compliance Division :** To monitor compliance activities of branch and office under internal audit.
5. **Internal Audit Compliance Division:** To monitor compliance activities of branch, Office and sub-divisions under external audit (Bangladesh Bank Audit/Inspection, Commercial Audit, External Audit /statutory audit and other regulatory authorities).

Monitoring Division: (i) To verify the internal control system & Operational activities by Implementing of DCFCL, QOR, LDCL(Loan Documentation Checklist) at Branch level (ii) To ensure timely and effective audit including ICT Audit by Internal Control Team (iii) To Assist Audit-1 in Risked Based Internal Audit by assessing department wise risk (Off sight Analysis) with grading of all branches (iv) To prepare and Submit Self-Assessment of Anti-Fraud Internal Controls report and Bank's Health report to Bangladesh Bank.

There will be a Head of ICC secretariat with requisite number of staff.

Audit staff will be the combination of business, Professional and IT knowledge based personnel. Number of audit staff will depend upon the number of branches to be audited, frequency of audit, efficiency of the auditors (depending upon the past experience) etc. There will be need of extra staff strength for concurrent audit.

4.2 Departmental Charter of ICCD:

The mission of the ICCD is to provide independent objective assurance and advice designed to add value and improve the banks' operations. It will help the bank to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and transparent governance processes.

The scope of work of the Department is to determine whether the Bank's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Adequacy and effectiveness of risk management system
- Need-based interaction with the various governance groups
- Significant financial, managerial and operational information in accurate, reliable and timely manner.
- Employees' actions in compliance with policies, standards, procedures, laws and regulations.
- Use of acquired resources economically, efficiently and adequately.
- Achievement of programs, plans and objectives.
- Fostering the quality and continuous improvement in the bank's control process.
- Appropriate recognition and addressing of legislative and regulatory issues impacting the bank.

Officers of ICCD are authorized to:

- Have unrestricted access to all functions, records, property and personnel.
- The Head of ICCD has full and free access to the Audit Committee.
- Set frequencies, select subjects, determine scopes of work and apply the techniques required to accomplish audit objectives.

- Obtain the necessary assistance of personnel in all departments of the bank where they perform audits/inspection as well as other specialized services from within or outside the bank.

Officers of the ICCD are not authorized to-

- Perform any operational duties for the Bank or its affiliates.
- Initiate or approve accounting transactions other than those of the Internal Audit Department.
- Direct the activities of any Bank officer not employed in the Internal Audit Department except to the extent such officers have been appropriately assigned to auditing/inspecting teams or to otherwise assist the officers of the Department.
- Audit their own works performed in their previous Departments/Offices.

4.3 STANDARDS OF BEST PROFESSIONAL PRACTICES

In line with Committee of Sponsoring Organization of the Treadway Commission(COSO) and Bank for International Settlement(BIS), the following, but not limited to, standards should be followed:

- The internal audit function's control risk assessment, audit plans, and audit programs are appropriate for the bank's activities.
- The internal audit activities have been adjusted for significant changes in the bank's environment, structure, activities, risk exposures, or systems.
- The internal audit activities are consistent with the long-range goals and strategic direction of the bank and are responsive to its internal control needs.
- The Audit Committee of the Board promotes the Chief Audit Executive's(CAE's) impartiality and independence by having the CAE directly report audit findings to it.
- The CAE is placed in the management structure in such a way that the independence of the function is not impaired.
- The bank has promptly responded to significant identified internal control weaknesses.
- The internal audit function is adequately managed to ensure that audit plans are met, programs are carried out, and results of audits are promptly communicated to senior management and members of the Audit Committee and full Board.
- Workpapers adequately document the internal audit work performed and support the audit reports.
- The Audit Committee periodically assesses the performance of internal audit.
- The internal audit function provides high-quality advice and counsel to management and the Board on current developments in the bank's internal control policies and procedure, and in the performance of the other control functions of the bank (Risk Management and Compliance)

As mentioned in the Charter, Internal Audit should be committed to meet the standards of best professional practices.

Internal audit activities should be performed in diverse legal and cultural environments, within organizations that vary in purpose, size, and structure; and by persons within or outside the organization. These differences may have impact on the practice of internal auditing in each environment. However, the compliance with standards for the professional practice of Internal Auditing standards is essential.

The purposes of the standards are:

1. Delineate basic principles that represent the practice of internal auditing as it should be.
2. Provide a framework for performing and promoting a broad range of value-added internal audit activities.
3. Establish the basis for the measurement of internal audit performance.
4. Foster improved organizational processes and operations.

The Standards consist of Attribute Standards, Performance Standards, and Implementation Standards. The Attribute Standards address the characteristics of organizations and individuals performing internal audit activities and provide quality criteria against which the performance of these services can be measured. The Attribute and Performance Standards apply to internal audit services in general. The Implementation Standards apply the Attribute and Performance standards to specific types of engagements (for example, a compliance audit, a fraud investigation, or a self-assessment project).

4.4 Head of ICCD:

Head of ICC will be responsible for total administration of Internal Control and Compliance (ICC) of the bank. The rank of the Head of ICC must not be lower than one step immediate below the CEO. The appointment, posting, transfer & termination/dismissal of ICC Head must be approved by Bangladesh Bank.

The Head of ICC will always report his activities and findings to the ACB and will be responsible to the ACB. He/She will be appraised by the Chairman of the Audit Committee solely.

Bangladesh Bank should arrange conference of ICC head of all banks at least once a year to share their problems and experiences in discharging their responsibilities without undue influence of others.

4.5 Role and Responsibilities of Internal Auditors

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its

objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk Management, control and governance processes.

The purpose, authority and responsibility of the internal audit activity should be formally defined in a charter consistent with the Standards by the head of ICC and to be approved by the ACB and the Board.

Internal Audit Charter of the bank defines the purpose, authority and responsibility of the Internal Audit Department. The internal audit activity should be independent and objective oriented.

4.6 Auditors' Ethics & Qualifications :

4.6.1 Internal Auditors' Ethics:

Internal auditors should have to be bold, honest and truthful. These qualifications will be the basis for trust on the internal auditor's professional judgment. Internal auditors should keep strict confidentiality of information found during audit. They should not use such information for personal gain or malicious action and should be responsible for protection of such information. The Head of the internal audit and all internal auditors should avoid conflicts of interest. Internal auditors should abide by the bank's code of ethics. A code of ethics should address the principles of objectivity, competence, confidentiality and integrity.

4.6.2 Qualification of Auditors

a) Persons punished for major offence and persons under disciplinary proceedings must not be posted in ICCD. Track record of officers to be checked and maintained before posting them in ICCD.

b) ICCD people should have thorough professional knowledge and banking experience with good academic background.

4.7 Appraisal of ICC Officials

The Head of three units (immediate below to head of ICC) to be appraised by the head of ICC primarily and by Chairman of the Audit Committee finally. In case of other ICC officials first appraiser should be concerned unit Head and 2nd appraiser should be the Head of ICC and finally appraisal report to be countersigned by the Chairman of the Audit Committee with necessary review.

4.8 Mandatory leave

In compliance with the essence of Anti Money Laundering and Fraud forgery prevention, unit heads under ICC should prepare a confidential mandatory annual (15 days per year) leave plan for employees working under her/him with the consent of the Head of ICC and it should be implemented accordingly. The Heads of three units will also be under same compulsion planned by the Head of ICC and head of ICC by the Chairman of Audit Committee. Following terms should be considered for mandatory leave:

1. This leave will be sanctioned by the management at any time as required, no time bound will be applicable in this case.
2. This leave cannot be claimed as a matter of right
3. Sanctioned leave can only be changed by the management, employee cannot claim for alteration.
4. There will be no extra monetary benefit for such leave.

4.9 Job rotation

The instructions contained in the Letter No-Malaprobi(bishesh) 267/2004-3918-3966 dated 19/10/2004 of Anti Money Laundering Department will be applicable for ICC officials including the Head of ICCD.

The Head of the ICC will effect rotation among the employees of the three units (Audit and Inspection Unit, Monitoring Unit and Compliance Unit).

4.10 Training and Development

Training is a proven and effective instrument for human resources development. It plays a key role in developing knowledge, and to acquire skills to keep pace with the changes taking place all around the globe. For this purpose all members/staff of the ICC should be provided with appropriate and advance training.

The training on policies, procedures and associated controls is a component of compliance-risk management that should not be ignored. The supervisors will determine whether the banking organization's training programs ensure that compliance policies, procedures and controls are well understood and appropriately communicated throughout the organization. While the depth and breadth of training that an employee receives depends on that employee's role and responsibilities, the supervisors generally assess whether staff at all levels understand the organization's compliance culture, general compliance-risk issues, and high-level compliance policies and procedures.

4.10.1 Home Training:

HR Training, Research & Development Division of the bank should conduct various training programs for the Executives/Officers/Staff to develop their efficiency so that they can apply their knowledge and experience in the bank regularly.

4.10.2 Outreach Training on:

1. Internal Audit Compliance
2. Internal Control Audit in Bank
3. Agri Financing & Recovery
4. Credit Risk Grading
5. Compliance of Bangladesh Bank Inspection
6. Compliance of Commercial Audit objections

- 7. Accounting & Auditing Standards
- 8. IT Auditing

4.10.3 Abroad Training:

To keep pace with the changes taking place all around the globe and ever developing technology, Executives and Officers should be sent abroad to attend various training courses, workshops, seminars, conferences and symposia to acquire updated knowledge of modern banking.

Chapter-5

Audit

5.1 Development of audit plan

- a) Each Year the Head of ICC will set out an Audit plan for the year. This would be a high level plan which will be approved by the Audit Committee of the Board (ACB).
- b) This will be a risk based plan where sensitive areas will be given priority.
- c) The deficiencies identified during the audits should be notified to the appropriate level and significant audit findings should be reported to the ACB.

5.2 Audit Planning Process

Like any other activity, planning is the prerequisite of internal auditing. It is necessary to make a plan in advance what is to be done in future to ensure that we are auditing the right areas and undertaking the right level of coverage with the right resources.

Audit planning should be based on an assessment of risk and exposures that may affect the organization, and should be done at least annually in order to reflect the most current strategies and directions of the organization. The best way to add value to an organization is to make sure that the risk assessment and the plan developed from the assessment reflect the overall objectives of the organization. Risk assessments also need to include input from management and the Board.

ICC will evaluate, at least annually every department/office/branch/subsidiary/foundation within the organization to analyze the degree of risk. The major function for an internal auditor is to assist in determining priorities of internal audit activity consistent with the organization's goals.

The internal auditor's work involves identifying areas where internal controls are not in place or where there is a risk of failure of control. All risks are not necessarily the result of internal control weaknesses. Only those risks which continue to exist are truly viewed as weaknesses.

Thus, the basic audit planning process consists of two phases: the assessment of business and control risk for the development of the annual plan. The first phase, assessing business focuses on:

- Defining auditable units
- Defining the risk criteria
- Construction the risk model
- Ranking the auditable units

The second phase, assessing control risk focuses on the following incidents:

- Income recognition by accounting jugglery in violation of BRPD Circular-15/2012
- Declaring dividend by debiting retained earnings
- Showing presence in office by punching ID for two persons or more by one person or representing one person by other persons
- Single person using/operating two password (for checker & maker) for illegal purpose.
- Fund shown as borrowed and reported as other asset (but practically was in placement)

The annual audit plan can then be developed as the reflection of the results of the risk assessment model and the selection policy. The risk assessment model and the selection policy will enable the internal audit activity to define, indentify and to set priorities for audit risk annually or more frequently as business conditions dictate.

The Head of ICCD should communicate the internal audit plans and resource requirements, including significant interim changes, to the Audit Committee of the Board for review and approval. The Head of ICCD should also communicate the impact of resource limitations to the ACB.

5.3 Formation of Audit team

In forming an audit team consideration should be given to the level of risk, nature of operations, volume of exposure and complexity of operations of the unit to be audited. As for example, for auditing corporate/authorized dealer branches dedicated team should be formed consisting of members having professional knowledge on international trade, IT expert, financial reporting expert, credit expert and experienced general bankers. In case of other branches team should be formed with persons considering risk exposure and growth rate of risky exposures. It should be borne in mind that all auditors should have high moral ethics and integrity.

Needed number of extra staff strength to be arranged for concurrent audit to look into whether the bank is following the guidelines of regulatory bodies, institutional policies and procedures set by/ approved by the BoD and Laws of land.

A surprise check of audit work procedure can be made by the high officials during audit program of large units.

5.4 Audit Procedure

Audit is event to event detailed scrutiny of all aspects under the coverage of section 39 of Bank Company Act-1991 and section 210 of Companies Act-1994

i. Selecting Unit to be Audited

To accomplish an audit, the unit should be selected as part of audit plan implementation or on technical need or assessment.

ii. Types of Lapses Raised in Audit findings (to help in designing audit program)

Lapses:

Lapses arise out of any kind of irregularities, misstatements, non-compliance with existing policies and procedures of the bank, or failure to observe laws of the land, by which the bank may incur financial losses.

Moreover, sometimes non-compliance of existing policies and procedures may not cause any financial loss with an immediate effect, but they can result in an erosion of reputation. At the same time, any malpractice in banking, misuse misappropriation of the bank's funds can be defined as lapses.

Types of Lapses:

Based on the gravity of the irregularities, lapses can be classified in 4(four) groups as follows:

- a) Minor Irregularities
- b) Major Lapses
- c) Deemed to be Serious Lapses
- d) Serious Lapses

Punishment for lapses

Punishment is an action to be taken by the management of the bank against employees for committing lapses/offences. Punishable offences are activities, for which higher management thinks administrative action must be taken. Auditors should detect the level or quantum of lapses/ offence and report to higher management.

iii. Determining the Items/Areas of the Unit to be Audited and Period Under Coverage

After selection of the audit unit, functional areas of the unit to be audited should be analyzed to assess the areas/items to be audited. Time and scope of audit should be selected. Discussion with the management team audit area may be under taken to identify any other areas that may be included in the scope of the audit.

iv. Preparatory Work

- a) Engagement letter, which is sent to management of the audit area up to two weeks before the commencement of the audit and includes details of subject, objectives, scope, staffing and timing of the audit
- b) The entrance meeting is normally held prior to the commencement of the audit and details the scope of the audit and discusses any major issues and seeks management's input of any areas of concern. The entrance meeting will also identify any particular requirements of audit or the business unit.
- c) Gathering and review of written information (this can be requested at any of the above points). The gathering and review of data allows the auditor to review the operations of the department and also for use during future stages of the audit. The type of information that may be collected could include:
 - Goals and objectives
 - Policies and procedures

- Job descriptions
- Organization chart
- Budgets
- Financial statements
- Flowcharts
- Departmental reports
- Statistical data

v. Field Work

Fieldwork is the undertaking of the audit program that has been prepared for the area being audited. During fieldwork, the auditor gathers evidence in order to determine the status of operations and controls within a particular area. This evidence is the basis for the auditor's conclusions about a particular assignment.

Audit evidence consists of physical documentation, analytical reviews and comments from staff and outsiders. Audit evidence is anything that provides a basis for the auditor's beliefs. Fieldwork is the compiling of evidence to substantiate the auditor's findings in relation to the area being audited.

When undertaking fieldwork, the auditor should ensure that they have gathered sufficient evidence to meet the audit objectives and to complete the audit program. The level of fieldwork undertaken and the amount of evidence gathered will depend on the auditor's judgment and the reason for the audit. If the auditor is investigating a fraud, then the level of detail and evidence will need to be sufficient to ensure that the case can proven.

vi. Documentation or Working Papers

Professional standards require proper documentation of audit work. The working papers should record the information obtained and include sufficient information to support the basis for findings and recommendations. Audit working papers generally serve to:

- Provide principal support for the audit report
- Document whether audit objectives were achieved
- Facilitate third party reviews
- Aid in advance of internal audit staff

The organization, design and content of the working papers will depend on the nature of the audit. However, the working papers should document the following aspects of the audit process.

- Collecting, filing and indexing documents
- Auditing procedures performed, informed obtained and conclusions reached
- Reporting

The active working papers should include the following documents:

- Audit programs
- Engagement letter
- Documents obtained during gathering of information
- Memos of interviews with management
- Details of any reviews of financial information
- Papers relating to completion of the audit programs
- Audit findings and recommendations

- Supporting evidence for findings or fieldwork

vii. Reporting/ Findings

Findings are pertinent statements of fact uncovered during the course of an audit. These findings need to be reported. Prior to reporting these findings, the auditor needs to ensure that he has verified all the facts and the findings has been substantiated with appropriate evidence. If the auditor believes that there have been fraud or criminal actions involved, the findings should be discussed with the team leader and chief audit executive to determine the appropriate action.

The item to be included in the report should include the following information:

- A statement of what was expected
- The factual evidence of what the auditor found
- The reason for the difference
- The risk or exposure the difference has on the organization and the financial statements (if applicable)
- Recommendation to resolve the issue
- Management comment including action to be taken and a date by which the issue will be resolved (following discussion with management)

All findings should be reviewed by the Team Leader and Chief Audit Executive prior to the final audit report being issued.

5.5 Reporting

The Banks will design a reporting structure for ICCD depending upon their size and complexity of business. However the following reporting structure can be used as a benchmark for the banks:

- The ICCD will prepare report on individual inspection programs within 15 days (except for items that needs to be escalated immediately) and submit the same to the branch/ business unit for rectification with a copy to line management.
- For low and medium risk items findings will be reported to the MD/CEO.
- For high-risk items findings will be reported to the MD/CEO and the Audit Committee of the Board.
- ICCD will prepare an annual integrated report on the health of the Bank to be submitted to the Board of Directors for onward submission to Bangladesh Bank.
- At the end of the year there should be a summary report on the audit findings and corrective actions taken which should be forwarded to the Audit Committee of the board and the Managing Director simultaneously.
- Based on the review of monitoring reports the audit team should also conduct surprise check on the branches where regular gaps are identified.

5.6 Annual ICC Report on the health of the Bank

5.6.1 Annual Integrated Health Report

As stipulated in Para 5.5 of this Section all banks will have to prepare a report on its own health annually, for onward submission to the Audit Committee of the Board, Bangladesh Bank, Inspection Team and other regulatory bodies. For this purpose, ICC will collect Financial Health Score, ICC Health Score, and Image & Reputation Health Score from the ECB, the ACB, and External Auditor(EA) respectively.

5.6.2 Objectives of Annual Health Report

The assessment of the soundness of a bank that reflects overall position of the bank's performance is not only important for the bank itself, but also for all stakeholders of the bank.

The “Annual Integrated Health” Report reflects the financial, reputational and sustainability position of a bank, based on the most recent data of the bank itself. The purpose of the report is to provide stakeholders with a basic overview of the general health of the bank.

5.6.3 Methodology of Assessing Health

The health of a bank may be judged from different points of view, but emphasis has to be given to the feasibility of the aspects considered for health analysis and its quantification. Taking these two conditions into consideration, the health of the bank is assessed from a three dimensional view points, viz. Financial Health, Internal Control & Compliance Health and Image & Reputation Health. Depending on the nature of business, the Board of Directors will decide on the weight of the sectors, and inform the same to Bangladesh Bank before preparing report. The Health Sectors and allocated maximum attainable score are shown below:

The bank will determine weight of the sectors based on their portfolio nature with the approval of the Board and shall determine 'Health Score' using following model:

Health Sector	Sectoral Score Range	Sectoral Weight	Achieved Sectoral Score	Weighted Score
Financial Health	0-100	w1	g1	w1g1
ICC Health	0-100	w2	g2	w2g2
Image & Reputation Health	0-100	w3	g3	w3g3

Integrated Health Score = $w_1g_1 + w_2g_2 + w_3g_3$

- a. If the health score is 90% and above, it will be marked 'Excellent',
- b. If the health score is 80% and above but below 90%, it will be marked as Very Good,
- c. If the health score is 70% and above but below 80%, it will be marked as Good,
- d. If the health score is 60% and above but below 70%, it will be marked as Satisfactory
- e. If the health score is below 60%, it will be treated as marginal.

(Detail in Annexure-D & D1)

5.6.4 Frequency of Health Analysis

The health analysis of the bank to be done on yearly basis as a regulatory compliance, and analysis should be made immediately after completing an accounting year.

5.6.5 Reporting Line and its Approval Process

The yearly integrated health report of the bank is to be submitted to the Board of Directors for approval and review.

Chapter-6

Compliance

6.1 Regulatory Compliance

Definition:

Compliance refers to operating the bank in conformance with applicable laws, regulations, policies, standards, guidelines, etc. applicable to all institutions in its category, and responding fully and in a timely manner to supervisory criticism and orders to take corrective action issued by applicable regulatory authorities or law enforcement bodies. In this context, compliance also refers to preventive actions taken to mitigate compliance risk, which is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation as a result of failure to comply with applicable rules.

6.2 COMPLIANCE PROCESS

- For the banks, Bangladesh Bank is the primary regulator which governs their activities. In addition, National Board of Revenue, Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission, Ministry of Finance, Ministry of Commerce, Ministry of Environment, Ministry of Home Affairs, etc. are different types of regulatory bodies whose directives have a significant impact on any bank's business.
- The internal control system should always take into account the bank's internal processes to meet regulatory requirements before conducting any operation.
- The internal control system of the bank must be designed in a manner that the compliance with regulatory requirements is recognized in each activity of the bank. The bank must obtain regular information on regulatory changes and distribute among the concerned departments, so that they can take the necessary action to adapt to such changes.

6.2.1 Independence of Compliance Functions

The status of the compliance unit should be ensuring the appropriate authority and independence. For independence the following issues to be considered:

- The compliance unit should have a separate status within the bank.
- This may be described in the bank's compliance policy.
- The document should be communicated to all the staff of the bank.
- The role and responsibilities of the unit should have to be specified.
- The independence of the unit should be ensured.
- The relationship with other risk management units and with the internal audit function should have to be clearly defined.
- In cases where compliance requirements carried out by staff of other departments, in such circumstances their responsibilities should have to be clearly allocated.
- The unit should have rights of access to information necessary and all staff should co-operate in supplying information.
- If any breaches of the compliance policy are found, the unit should have the power to suggest necessary action to the senior management.

- The unit must exercise its right to express and disclose its findings freely to the Audit Committee of the Board and if necessary, to the full Board of Directors.

6.2.2 Responsibilities of the Board of Directors for compliance

The bank's Board of Directors(BOD) is responsible for supervising the total process of the bank's compliance work. All banks should have a compliance policy of their own approved by the BOD, which will be a formal document, for establishing a permanent and effective compliance function. At least once a year, the Board or audit committee of the Board should review the scope of compliance policy whether it is working effectively or not. A bank's compliance policy will not be effective unless the Board of Directors promotes the values of honesty and integrity throughout the institution. They should also act proactively for implementing the policy, ensuring that the compliance issues are resolved effectively and expeditiously by senior management within the expected timeframe. The board may delegate these tasks to its audit committee, if necessary.

6.2.3 Responsibilities of senior management for compliance

The bank's senior management is responsible for establishing a compliance policy to be approved by the BOD, which contains the basic principles to be followed and explains the main processes through which compliance risks are to be identified and managed through all levels of the institution. Transparency should be promoted by making a distinction between general standards for all employees and rules that only apply to specific groups. The duty of senior management is to ensure that the compliance policy is observed for ensuring appropriate, corrective and disciplinary action has taken in the event that breaches are identified.

Senior management should have plans how to address any shortfalls in policy, procedures, implementation or execution, and to see how effectively existing compliance risks have been managed, as well as, identify the need for any additional policies or procedures to deal with new compliance risks identified as a result of compliance risk assessment any time in a financial year. A report to the Board of Directors or Audit Committee of the Board may be required concerning the management of compliance risk. In case of any significant material non-compliance, the Executive Committee should report immediately to the Board of Directors or Audit Committee if there is a significant risk of legal or regulatory sanctions or fines, financial loss, or loss to reputation.

6.2.4 Head of Compliance

Each bank should have an executive with overall responsibility for coordinating the recognition and supervision of the bank's compliance risk and for supervising the activities of other compliance officers. The nature of the reporting line or other functional relationship between officers exercising compliance responsibilities and the Head of Compliance will depend on how the bank has chosen to organise its compliance functions. Compliance officers placed in business units or in subsidiaries may have a reporting line to operating business unit management or local management. It is also mentionable that such officers may have a reporting line to the Head of Compliance as regards their support units (e.g. legal, financial control, risk

management). However, these units may work closely with the Head of Compliance to ensure that staff can perform their responsibilities effectively.

As the Head of Compliance has no direct business line responsibilities, the MD/CEO of the bank should inform the regulatory authority, the Audit Committee of the Board of Directors and the board of directors when the head of compliance takes up or leaves that position and, if the Head of Compliance is leaving the position, the reasons for his or her departure.

6.3 File settlement/ Closing

6.3.1 Settlement of Minor Irregularities and File close:

Minor irregularities are identified by auditors and mentioned in reports. A Branch Office will prepare compliance/response within 15 calendar days from the date of the receipt using the format and send it to the concerned Zonal Office/Head Office. The Zonal Office/Head Office will verify the Branch Office's responses. After verification, the response together with the Zonal Office's/Head Office's comments will have to be sent to the Audit compliance unit within the above mentioned 15 calendar days. The Compliance Unit will raise the issue to line management i.e., Head of ICC, MD/ CEO for settlement of the objections.

6.3.2 Settlement of Major Lapses and File close:

- a) For settlement of administrative objections, the Compliance Unit will raise the issue to Head of ICCD and ultimately to the Audit Committee of the Board, if required.
- b) When corrective action is taken by the branch regarding major lapses, the Compliance Unit will decide whether or not there is settlement of the objections.
- c) When unsettled objections or irregularities are reported in the present audit report, then previous objections are considered as transferred to the present report and subsequently the previous file is closed.
- d) However, if any objections/major lapses are reflected in the next audit report two times consecutively, or it is found the major lapses are not settled in a reasonable time, then this type of major lapses will be deemed to be serious lapses. Auditors must always be careful to identify this type of lapses. Any mistake or failure to recognize the major lapses will be considered as an audit fail. Common punitive action is suggested for serious lapses and those deemed to be serious lapses.

6.3.3 Settlement of Serious Lapses and File close:

- a) For settlement of administrative objections, the Audit and Inspection Division will raise the issue to Head of ICCD, and the Audit Committee will give the decision. If required the matter will be raised to the full Board of the bank.
- b) When corrective action is taken by a branch regarding serious lapses, the Compliance Unit will decide whether or not there is settlement of the objections.

- c) When unsettled objections or irregularities are reported in the present audit report, then any previous objections are considered as transferred to the present report, and subsequently the previous file is closed.

6.3.4 Commercial audit objections(for govt. banks) settlement and file close:

- a) **Spot rectification:** During audit some irregularities can be rectified on the spot. The audit team must insist on rectification of errors or omissions on the spot, when possible, and report accordingly.
- b) **Discussion meeting:** At the closing day of the audit there must be a meeting between the head of the branch and the audit team members. As a result of this discussion, some irregularities may be mitigated.
- c) **After audit settlement:** Audit objections are being classified into two categories:
 - Ordinary Objections (Nominal Objections)
 - Advance Objections (Serious Objections)

Ordinary Objections:

- i) Are settled when the Bank gives written evidence of corrective action within a certain time, with supporting/logical documents to the auditor.
- ii) When the auditor is not convinced by the corrective action taken by the branch, then a bi-party meeting will be arranged for the settlement of the objections raised. The Bank will remain present in the meeting with supporting documents for onward settlement of the objections in question.

Following the above procedures, if the auditors are convinced, then they will issue an office order regarding the settlement of the audit objections.

Advance objections:

- i) The concerned branch is to provide a written confirmation of corrective action with related supporting documents, viz., photocopies of vouchers, A/c Statements, certificate of compliance, etc. and the auditors, if convinced by these, will issue a circular letter regarding the settlement of the audit objections.
- ii) When the stipulated time has expired and the auditor is not convinced by the corrective action taken, then a tri-party meeting will be arranged for the settlement. The Bank will remain present in the meeting with supporting documents for onward settlement of the objections in question.

After following the above procedures subject to the full satisfaction of the auditors, they will issue an office order regarding the settlement of the audit objections.

6.3.5 Bangladesh Bank Inspection objections settlement and file close:

- a) For the settlement of objections, corrective action taken by the branch, evidenced with proper documents, is required. On receipt, of the compliance certificate from the branch manager with the zonal Head's and Circle Heads' counter signature(as the case may be), the Compliance Unit will give a decision as to the final settlement of the objections.
- b) When unsettled objections/irregularities are found and reported in the present inspection report, with due note in the report of Bangladesh Bank then automatically the previous objections are transferred and considered as file closed.
- c) For the settlement of long outstanding objections, the Compliance Unit will arrange a meeting with Bangladesh Bank and the bank's top management. During discussion some objections are settled and others are reviewed. If Bangladesh Bank is not convinced, Bangladesh Bank will issue a re-notice for unsettled objections. The Audit Compliance Division will inform the concerned branch regarding the settled objections.
- d) A quarterly meeting with BB to review the status of required corrective action will also be held. (Reference: DBI-2 Circular No-1 Dated-27/12/2010)

Chapter-7

Monitoring & Control

7.1 Monitoring Activities and Corrective Measures:

- The effectiveness of the Bank's internal control should be monitored on an ongoing basis. Key/high risk items should be identified and monitored as part of daily activities.
- Internal control deficiencies, whether identified by business lines, internal auditors, or other control personnel should be reported in a timely and prompt manner to the appropriate management level and addressed immediately.
- The ICC will report material control deficiencies to the audit committee of the BOD with specific recommendations.
- The Monitoring Unit will review the Quarterly Operations Report and Exceptions report (if any); in addition to the line management the Monitoring Unit will instruct the branch/unit to rectify the exception and report the same. If deemed necessary, the ICCD will instruct the Audit & Inspection Team (A&IT) to carry out an audit on the specific deviation.
- Depending upon the gravity of the deviation the ICC will report the matter to the ACB with a copy to the MD for necessary action and rectification.
- A copy of the Loan Documentation Checklist must be sent by each branch/unit to the Monitoring Unit, which will review the same. On a quarterly basis ICCD will submit a report to the MD and ACB on the type/nature of the discrepancies in credit documentation.
- In addition to the above the ICCD will depute the A&IT routinely, but also on surprise dates, to branches/departments to carry out sample checks on the items mentioned in the DCFCL.

7.2 Internal Control Process

7.2.1 Departmental Control Function Checklist (DCFCL) {Annexure-E}

- a) This guideline/procedure deals with matters relating to review/verifications of departmental functions to ensure that prescribed procedures are being followed by each department.
- b) All departments are required to check that prescribed controls are being observed and mandated procedures are not overlooked or relaxed.
- c) Departmental Managers, Line Managers, and Branch Managers will review the DCFCL to ensure that control functions are performed and documented in the control sheets (Annexure 1) at the prescribed frequencies; i.e., daily, weekly, monthly and quarterly.
- d) The DCFCL Checklist should be retained with the branch/departments for future inspection by Internal Audit and any representative from senior management.

7.2.2 Loan Documentation Check list(LDCL) {Annexure-F}

The checklist deals with matters relating to security document action for sanctioning and downsizing credit facilities to ensure that prescribed documentation is being obtained to safeguard the bank's legal rights.

7.2.3 Quarterly Operations Report(QOR) {Annexure-G}

- a) This guideline/procedure relates to reporting of operational functions of each branch/centre under the following headings on the enclosed format:
 - i. Policies, Procedures and Controls
 - ii. Protection of Valuables

iii. Proofs/Verifications and Internal Checks

iv. Personnel and Supervision

v. Premises Management

vi. Confirmation on Regulatory Compliance

b) A report on a quarterly basis will be prepared in duplicate copies by each branch/centre in the prescribed format; one copy is to be dispatched to the Line Management and another copy to the Internal Control Team by 10th of the following month after each quarter i.e. 10th April, July, October and January of each year.

c) The items which are not applicable for an individual branch or department should be marked as N/A and no signature is required against the items marked as N/A.

d) Any deviation in the quarterly operations report must be reported in a separate exception report

d) All concerned are advised to adhere to the requirements as outlined in each of the above headings for review by the Line Management quarterly and by Internal Audit as and when they visit the branch/centre.

7.2.4 Objectives of Monitoring Department

- To conduct effective monitoring on the proper implementation of various control tools (DCFCL, QOR, LDCL and Self Assessment Anti-Fraud Internal Control Checklist) in all branches and divisions/departments at head office of the bank to strengthen internal check and internal control system of the bank;
- To conduct effective monitoring for timely submission of regulatory returns as per the calendar of returns to avoid regulatory imposition;
- To prepare the risk grading of bank branches based on the two broad risk parameters, i.e., control risk and business risk parameters;
- To prepare a risk based internal audit plan for the bank at the end of each year on the basis of risk grading of the branches, along with audit frequency.
- To prepare Annual Health Report of the bank as a regulatory compliance;
- To prepare the summary report on the Loan Documentation Checklist (LDCL) on a quarterly basis for onward submission to the Head of ICC Division.
- To review the Quarterly Operations Report and Exception Report;
- To monitor the effectiveness of the bank's internal control system;
- To report to the Head of ICCD about major deviations, if any.
- To update various control tools (DCFCL, QOR, LDCL and Self Assessment Anti-Fraud Internal Control Checklist, etc.) as and when required by Bangladesh Bank.
- To identify, assess and control the risks involved in manifold operational activities of the bank and prepare the Self-Assessment Anti-Fraud Internal Control Checklist for signature by the MD and CEO and counter signature by the Chairman of the Audit Committee of the Board for submission of the same to the Department of Offsite Supervision of Bangladesh Bank.

Chapter-8

Shari`ah Audit

8.1 Introduction

Islamic banking is operated in Bangladesh as per instructions/guidelines contained in the Banking Companies Act, 1991 (amended to 2013) and BRPD Circular No-15 dated 09.11.2009, on Islamic banking. Shari`ah based banks/windows/units are to be evaluated/supervised, as to whether they are following the Shari`ah guidelines/principles accordingly in addition to general banking guidelines/principles. Accordingly, ICC in respect to Shari`ah compliance in banks/windows of banks operating based on Islamic Shari`ah needs to be ensured separately through Shari`ah audit. In this context, these guidelines provide necessary provisions as guiding principles for ICC in Islamic Shari`ah based banks/banking windows operating in Bangladesh in line with Shari`ah and informed decisions(usually taken by Shari`ah Council/Shari`ah Supervisory Committee or SSC)

8.2 Risks and Consequences related to Shari`ah Violation :

8.2.1 Risks

The Risk Management Guidelines (December 2014) of IFSB for Islamic Banking Institutions (except Insurance), stipulate that “The Shari'ah Compliance Risk refers to the risk that arises from the bank's failure to comply with the Shari'ah rules and principles determined by the relevant Shari`ah regulatory councils”.

Besides this , Section 2 (A/2) of Islamic Bank Guideline 2009 of Bangladesh Bank, mandates that “All the Financial Transactions of the Banking Company shall be conducted based on the principles of Islamic Shari'ah”

Both of the above mentioned promulgations put major emphasis on Shari`ah compliance.

8.2.2 Implications

Adverse consequences that may arise due to non-compliance with any Shari`ah principle may be summarized as follows:

1. Direct violation of the commands of Allah (swt) and His prophet (sm).
2. Impede the bank and the workforce from the Blessing or Barakah of Allah (swt) which will make the banking activities meaningless (not become ‘ibādah before Allah).
3. Contravene the provisions of Bangladesh Bank’s ‘Guidelines for Islamic Banks 2009’ which may bring adverse consequences.
4. Jeopardize or affect the bank’s reputation as an Islamic bank.
5. With regard to “Agreement and its Execution” would render the contract between the bank and Customer null and void under the perspective of Shari`ah . Therefore, any profit gained from this contract would be considered as non-halāl.
6. Income generated from a Shari`ah non-compliant transaction is not recognized as the Bank’s regular and halal incomes. In the event where the bank receives non-halāl income unintentionally, the amount is to be channeled to the bank’s CSR activities as advised by

the Shari`ah Supervisory Committee.

8.3 Objectives of Shari`ah Inspection :

Shari`ah inspection should be conducted based on the Shari`ah non-compliance risk rating to mitigate the above Shari`ah non-compliance risk. Shari`ah inspection to be conducted for achieving the following objectives:

1. To increase monitoring and mentoring the Shari`ah violating branches.
2. To conduct frequent Shari`ah inspection in the violating branches.
3. To bring maximum investment under Shari`ah inspection and to cover maximum areas of Shari`ah compliance.
4. To maximize the utilization of working hour of the Muraquibs of the Shari`ah Secretariat.
5. To introduce Shari`ah rating of the branches.

8.4 Areas of Shari`ah Inspection:

The area of Shari`ah Inspection presently covers the following activities of the bank branches :

1. All Contract, Transaction, Policy, Product, Memorandum and Articles of Association, Other Manuals, Financial Statement and Circulars issued by Head Office from time to time.
2. Investment activities of the branches.
3. Foreign Exchange activities of the branches.
4. General Banking activities of the branches.
5. Personnel Management.
6. All investment invested by the Head Office directly.
7. Others.

8.5 Shari`ah non-Compliance Risk Rating :

To determine the individual branch's Shari`ah non-compliance risk position based on operational performance, 100 marks may be allotted as per the categories mentioned in annexure-2. On the basis of the score obtained on the method mentioned in Annexure-2, the branches may be divided into the following three categories in every year:

1. **High Shari`ah non-compliance risk bearing branches;**
2. **Medium Shari`ah non-compliance risk bearing branches ; and**
3. **Low Shari`ah non-compliance risk bearing branches.**

Primarily the branches which obtained a score of 30 or above, may be treated as **High Risk Branch**, the branches which obtained a score from 15-29.99 may be treated as **Medium Risk Branch**, and the branches which obtained a score from 0.00-14.99 may be treated as **Low Risk Branch**. It is mentionable here that, these risk indicator slabs of considering a branch as

High/Medium/Low shari`ah non-compliance risk bearing may be changed from time to time, if necessary.

The ICCD of the banks may conduct a Shari`ah audit as per the following frequency on the basis of their calculated score as High/ Medium/ Low risk:

Sl. No.	Risk Rating	Frequency of inspection
01	High	Twice in a year
02	Medium	At least once a year
03	Low	As decided by Shari`ah Board/ SSC/ICC

8.6 Shari`ah Audit Process

At the end of each year, the Head of the Shari`ah Supervisory Committee's' (SSC)/ICC secretariat will set out a Shari`ah audit plan for the next year. This would be a high level Shari`ah audit plan, which will be approved by the member-secretary, SSC and should have concurrence of the SSC.

This will be a risk based plan where sensitive areas, including a higher percentage of Shari`ah violations, will be given priority.

The deficiencies identified during the Shari`ah audit should be notified to the appropriate level and also be reported to the member-secretary of SSC, and to the ACB, with a copy to the MD/CEO.

At the end of each quarter, there should be a summary report on the Shari`ah audit findings and corrective actions taken, which should be forwarded to the SSC, ACB, Board of Directors and MD/CEO.

Based on the review of monitoring reports the Shari`ah audit team should also conduct surprise checks on the branches/windows where regular deficiencies are identified.

Depending on the gravity of deviation from Shari`ah compliance, the member-secretary of SSC will categorize the branches/windows into high, medium and low risk categories, and the frequency of Shari`ah audit shall be as under:-

<u>Risk Category</u>	<u>Frequency of Shari`ah audit</u>
High	Half-yearly
Medium	At least once a year
Low	As decided by Shari`ah Board/ SSC

A Shari`ah Risk Rating guideline is included in Annexure 'C'. The Shari`ah audit should check at least a percentage of the Income of the Bank/windows as decided by the Shari`ah Board/ SSC. An adequate number of personnel, having thorough knowledge in Islamic Banking operations and ICT literacy, are to be posted as Shari`ah auditors.

8.7 Measures Against Shari`ah Violation

The Shari`ah lapses are to be categorized in two categories; viz. major violations and minor violations. (Annexure-C)

All the violators (especially those with major violations) must be sanctioned appropriately, which will help the bank to become more Shari`ah compliant.

Repeat offenders are to be dealt with severely to stop recurrences of Shari`ah violations.

8.8 Monitoring and follow up

Taking into consideration the concerned sections of BCA-1991, BB's guideline for Islamic Banking, AAOIFI's Standard, IFSB's guiding principles, etc., each bank will prepare a check list with regard to Shari`ah compliance for both the branch level and Head Office level and submit the findings of the same to the SSC, ACB, Board and MD/CEO on a quarterly basis for further corrective measures.

Chapter-9

Information Systems (IS) Audit

Information system is the heart of banking business and major fuel for the inclusion of competitive, complex and constantly changing business innovation in today's highly cyber threatened environment.

Now-a-days most of the working activities are driven by computer systems and thereby paper based manual workings are minimized through automated Information Technologies(IT). In the present day situation, information is treated as the most valuable as well as vulnerable asset.

Most of the information is now collected, processed and stored on electronic computers and transmitted across networks to other computers in this increasingly interconnected business environment which invites the threats and vulnerabilities inherently.

In-addition, banks amass a great deal of confidential information about their customers, employees, products, services, research and financial status and IS audit which also known as Automated Data Processing(ADP) audit/Electronic Data Processing (EDP) audit is of no exception.

Therefore, efficient IT alignment to the business and information & related technological governance, risk & security controls are inevitably required to ensure sustainable business continuity, minimize business risk, maximize return on investments and can help business to gain a competitive edge and opportunities.

IS or IT Audit is “the process of collecting and evaluating evidence to determine whether a computer system safeguards assets, maintains data integrity, allows organizational goals to be achieved effectively and uses resources efficiently”(Definition: **Legendary Ron Weber**).

Primary goal of the IS audit department of a bank is to determine information & related technological security loopholes and recommend feasible solution.

IS Audit is all about examining whether the IT processes and IT Resources combine together to fulfill the intended objectives of the organization to ensure Effectiveness, Efficiency and Economy in its operations while complying with the extant rules.

Information system auditors should develop and implement a risk-based IS audit strategy in compliance with IS audit standards, regulatory guidelines and internal policies to ensure that key areas are included. IS auditors should evaluate the effectiveness of the IT governance structure to determine whether IT decisions, directions & performance support bank's strategies & objectives. IS auditors also evaluate risk management practices to determine whether the bank's

IS-related risks are properly managed. IS auditors should conduct audit on overall information & related technological security aspects covering the followings:

- a. IT Asset Management
- b. IT Service & Facility Management
- c. Physical (client/server interface, telecommunication, server, data storage, intranet, internet) & Environmental Security
- d. User & Access Management
- e. Database Access & Network Security Management
- f. Data Center Security
- g. Change & Patch Management
- h. Problem & Incident Management
- i. IT Strategies, IT budget
- j. Audit trails & Data Privacy Protection Management
- k. IT Service Contract & Agreements and Vendor Management
- l. IT Risk Management
- m. Data Integrity & Transaction control
- n. Data Retention & Disposal
- o. System Acquisition, Development Management
- p. Business Continuity & Disaster Recovery

The spectrum of IS/IT/ADP Audit should also cover the issues mentioned in the Board approved ICT guidelines of the bank in line with ICT guidelines issued and updated by Bangladesh Bank. Circulars and other instructions issued in this regard will also come under purview of IS/IT Audit to ensure data security. However IS/IT Audit at least cover the following areas for overall data security.

- i. System Design
- ii. Application/Software Security
- iii. Information Processing Facilities
- iv. System Development Facilities
- v. Network Security
- vi. IT System(server, data storage, intranet, internet) Access control/Security
- vii. Data Disposal and Copyright(if any)
- viii. Overall Management

Chapter-10

Miscellaneous

10.1 Inspection Concluding meeting (Account finalization)- finalization of quick summary report/annual accounts

In line with section 38 and section 40 of BCA-1991(revised up to 2013) banks prepare their annual account statements, have them audited by an external auditor, and submit them to Bangladesh Bank no later than two months after the end of the financial year. Furthermore, in compliance with the Governor's order dated 29/07/2012, a BB inspection team has to finalize its observations far enough in advance to reflect them on the concurrent financial statements of the bank that are in the process of being reviewed by the external auditor. To impel the external auditor to reflect the issue(s) in alignment with the inspection observations, there should be a meeting between the external auditor and management of the bank in presence of the BB inspection team.

10.2 Special Board Meeting on compliance with findings annual inspection report of Bangladesh Bank

To bring the BB inspection observations and compliance with findings thereof to the knowledge of the Board of Directors, banks are advised to arrange a board meeting in the presence of the BB inspection officials and management of the bank as per instruction contained in DBI-2 circular no-01 dated 12/03/2009. In such meeting the external auditor should remain present.

10.3 Liaison meeting

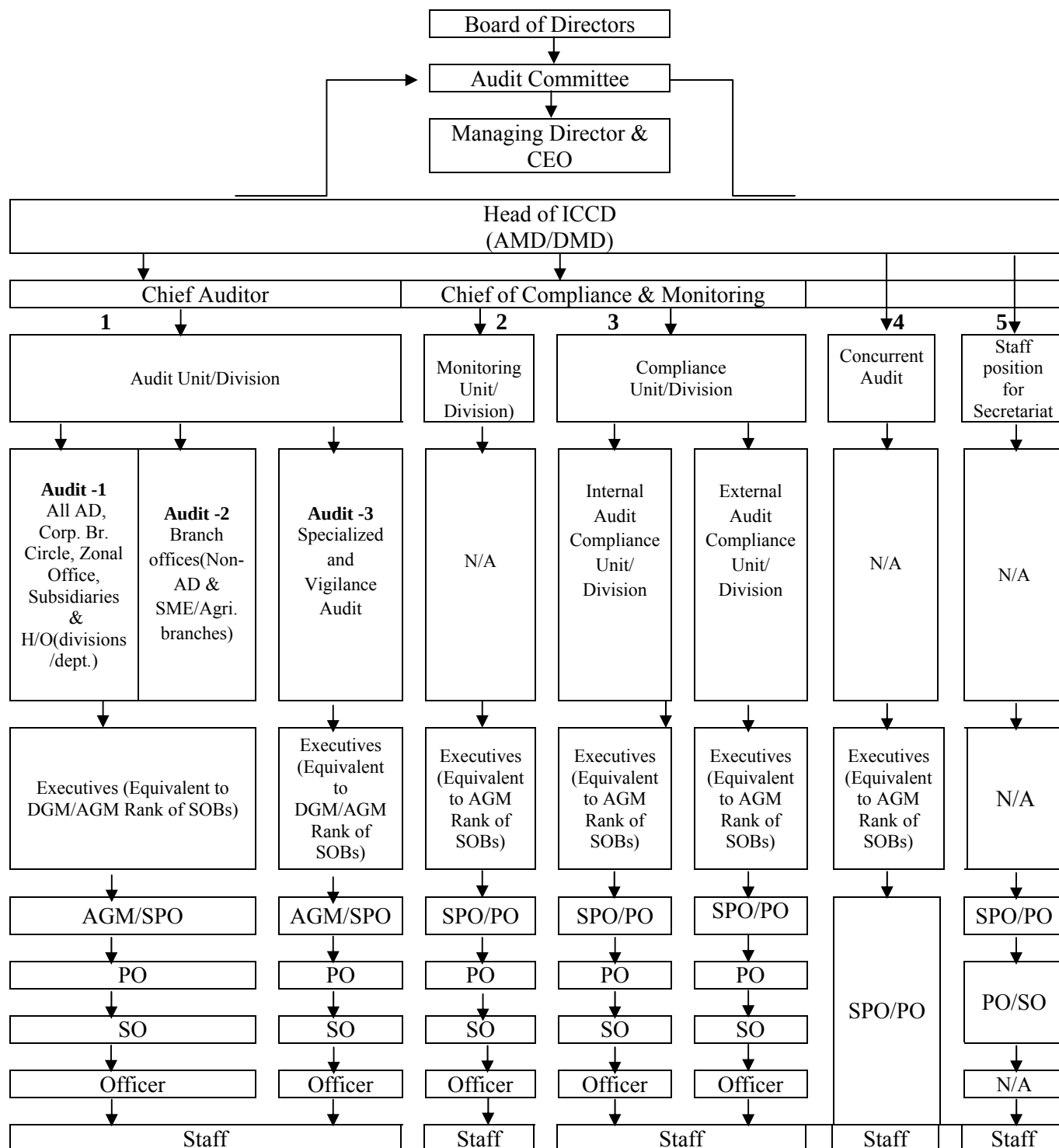
To ensure continuous compliance with inspection findings, BB inspection departments may ask to participate in and explain their position on the relevant issues, such as timely compliance with inspection findings and material changes in operational and portfolio issues, quarterly in line with instructions contained in DBI-2 Circular Letter No- BaPawBI-2/ubi-1/Circular No-01 dated 27th December, 2010.

10.4 Anti-fraud internal controls and self-assessment of the bank

All scheduled banks in Bangladesh have been asked to assess the effectiveness of their internal control and compliance system, general banking and operation system, loan and advances administration, and information and communication technology using a prescribed format to avoid fraud and forgery. Using the format, banks have to assess their system/administration and report to BB quarterly as per DOS circular letter No-17 dated 07 November, 2012. The reliability of the bank self assessment depends on the correctness of the responses to questions raised in the format. To mitigate the risk of an inappropriate assessment arising out of dubious responses to questions, the correctness of the responses should be checked by the internal audit function, and the entire system of anti fraud internal controls will be reviewed during on-site inspections.

Annexure-A

The Organogram & Structure of Internal Control & Compliance Department (ICCD)



- This is a model organogram for ICCD. All banks are advised to design their own ICCD Organogram according to their availability of same level of executives.
- Officers in ICCD will be for office work.

Annexure-B

Branch Audit Rating			
.....Branch			
SI	Physical cash (opening/closing) verification with statements of affairs	Allotted Score	Score obtained
1	Detected (short)/excess	10	0
	Detected (short) but cheque of the same found in safe	5	
	Found as per statements of affairs	0	
SI	Physical verification of stamps in hand with statements of affairs	Allotted Score	Score obtained
2	Detected (short)/excess	10	0
	Detected (short)/excess due to non passing of voucher	5	
	Found as per statements of affairs	0	
SI	Physical verification of prize bond with statements of affairs	Allotted Score	Score obtained
3	Detected (short)/excess	10	0
	Found as per statements of affairs but register not updated	5	
	Found as per statements of affairs	0	
SI	Holding of excess cash over safe limit	Allotted Score	Score obtained
4	Exceed 50% & above of days	10	0
	Exceed 30%-< 50% of days	8	
	Exceed 10%-< 30% of days	6	
	Exceed 0%-< 10% of days	4	
	Not exceed	0	
SI	Holding of mutilated/torned notes in safe	Allotted Score	Score obtained
5	Holding 5% or more out of total cash	10	0
	Holding 3%-<5 out of total cash	8	
	Holding 1%-<3 out of total cash	5	
	Found nil	0	
SI	Checking and preservation of prize bond draw result sheet	Allotted Score	Score obtained
6	Checking and preservation not done by the branch	10	0
	Partially checked and preserved by the branch	5	
	Found checked and preserve by the branch	0	
SI	Deposit scheme exceeding expiry date/ prematured encashment of deposit scheme but not marked as closed	Allotted Score	Score obtained

7	More than ten cases	10	0
	Up to ten cases	5	
	In no cases	0	
SI	FDR/ Deposit account & products rate/tenor variance with approved rate sheet.	Allotted Score	Score obtained
8	More than five cases	10	0
	Up to five cases	6	
	In no cases	0	
SI	Excise duty/ service charge/other charges/fees/commission/rent/security deposit including VAT (where applicable)not deducted from deposit/loan account	Allotted Score	Score obtained
9	More than five cases	10	0
	Up to five cases	6	
	In no cases	0	
SI	Voucher stitching	Allotted Score	Score obtained
10	Pending more than 15 days	10	0
	Pending more than 05 days but less than 15 days	7	
	Pending more than 01 day & upto 05 days	5	
	Found not pending	0	
SI	Audit Trail prints	Allotted Score	Score obtained
11	Found not checked and signed by branch DM/BM	10	0
	Found partially checked and signed by branch DM/BM	5	
	Found checked and signed by branch DM/BM	0	
SI	Daily mandatory output (supplementary sheet/statements of affairs/clean cash book/vouchers /etc.)	Allotted Score	Score obtained
12	Found not checked and signed by branch DM/BM	10	0
	Found partially checked and signed by branch DM/BM	7	
	Found checked and signed by branch DM/BM	0	
SI	Payment made against advance dated or against stale cheque	Allotted Score	Score obtained
13	More than five cases	10	0
	Up to five cases	7	
	In no cases	0	
SI	Reversal of contra entries	Allotted Score	Score obtained
14	Expired contra entries found not reversed more than five cases	10	0

	Expired contra entries found not reversed upto five cases	8	
	Expired contra entries found reversed	0	
SI	Balance confirmation letter	Allotted Score	Score obtained
15	Preceding half yearly B C not sent by the branch	10	
	BC sent by the branch but not in all cases (partialy sent)	5	0
	BC regularly sent by the branch	0	
SI	Thanks letter	Allotted Score	Score obtained
16	Thanks letter not sent by the branch	10	
	Thanks letter sent by the branch but not in all cases	5	0
	Branch is in practice of sending thanks letter	0	
SI	Officials in the branch working in the branch more than 3 years.	Allotted Score	Score obtained
1	100% cases	10	
7	80% - <100% cases	8	
	30%-< 80%	5	0
	Less than 30%	3	
	No such instances	0	
SI	User shut down his work station ,power off the printer and UPS at the end of the day	Allotted Score	Score obtained
1	No (for any instances and any single cases)	10	
8	Yes	0	0
SI	Loan disbursed but accepted sanction advice not obtained	Allotted Score	Score obtained
19	More than 10 cases	10	
	06 to 10 cases	8	0
	Up to 05 cases	5	
	No such case found	0	
SI	Sanction advice was not prepared according to CHO approval.	Allotted Score	Score obtained
20	More than 10 cases	10	
	06 to 10 cases	5	0
	Up to 05 cases	4	
	No such case found	0	
SI	Charge document not obtained / found blank/ without stamp	Allotted Score	Score obtained
21	More than 10 cases	10	
	06 to 10 cases	5	0
	Up to 05 cases	4	

	No such case found	0	
SI	Lien of security instruments	Allotted Score	Score obtained
22	Pending any instances	10	0
	Done in all applicable cases	0	
SI	Execution of Registered Mortgage and IGPA	Allotted Score	Score obtained
23	Pending any instance	10	0
	Done in all applicable cases	0	
SI	Obtainment of original title deed/certified true copy along with SRO token/deed ticket for registered mortgaged property.	Allotted Score	Score obtained
24	Pending any instance	10	0
	Done in all applicable cases	0	
SI	Obtainment of land related documents/chain documents	Allotted Score	Score obtained
25	Pending more than 15 cases	10	0
	Pending up to 15 cases	8	
	Pending up to 05 cases	5	
	No such case found	0	
SI	Monthly basis stock report as per CHO sanction	Allotted Score	Score obtained
26	Pending more than 15 cases	10	0
	Pending up to 15 cases	8	
	Pending up to 05 cases	5	
	No such case found	0	
SI	Insurance coverage not taken properly/policy expired/ insurance policy not found	Allotted Score	Score obtained
27	More than 10 cases	10	0
	06 to 10 cases	8	
	Up to 05 cases	5	
	No such cases found	0	
SI	Non-Preservation of LDCL in respective loan file	Allotted Score	Score obtained
28	More than 10 cases	10	0
	06 to 10 cases	8	
	Up to 05 cases	5	
	No such cases found	0	
SI	Maintenance of safe-in and safe-out register	Allotted Score	Score obtained

29	Not maintained	10	0
	Maintained but not up to date	5	
	Maintained properly and found up to date	0	
SI	Comments of Bangladesh Bank Audit team regarding core risk areas (CRM,AML,ICT & ICC)	Allotted Score	Score obtained
30	Not satisfactory	10	0
	Partial satisfactory	5	
	Satisfactory	0	
	(If not audited by Bangladesh Bank score will be zero)		

Total		300	0
Percentage (%)			-
Branch Rating			

Annexure-C**Shari`ah non-Compliance Risk Rating :**

Sl No	Category of Risk Factor	Allocated Marks
<i>1</i>	<i>2</i>	<i>3</i>
1	For 2 types Major Violations	(16x2/2)=16
2	For 5 types other Major Violations	(6x5)=30
3	For 18 types Minor Violations	(2x18)=36
4	For 2 types (Employee+Client)lacking of motivational activities	(3x2)=6
5	For 2 types lacking of other activities related to Shari'ah	(2x3)=6
6	For 6 types lacking of other activities	(1x6)=6
Total		100

- 1) Score 16 (8x2) @ 8 for each kind of non compliance of 2 types Major Shari'ah violations (See structure 1 for scoring) :

Sl.No.	Types of Shari'ah non-Compliance	Allocated Marks for violation	Allocated Marks as per doubtful income	Allocated Marks as per volume of violation	Score
		Score out of 16 (always gets full marks)	Score out of 16	Score out of 16	Average
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
1	Cash Facility Provided in Bai Murabaha and Bai-Muajjal. [Except Buying Agency]				

2	Old investment liability adjusted by creating new investment A/C. [Including Conversion]				
Total					

2) Score 30 (5x6) @ 6 for each kind of non compliance of 5 types others Major Shari'ah violations (See structure 2 for scoring) :

Sl.No.	Types of Shari'ah non-Compliance	Allocated Marks for violation	Allocated Marks as per doubtful income	Allocated Marks as per volume of violation	Score
		Score out of 6 (always gets full marks)	Score out of 6	Score out of 6	Average
1	2	3	4	5	6
1	Cash memo obtained in the name of the investment client				
2	Existence of the supplier not found				
3	Investment given on the Shari'ah prohibited item				
4	Charging of rent on the asset before it becomes usable/rentable				
5	Amount of cash memo is less than the investment				
Total					

3) Score 36 (18x2) @ 2 for each kind of non compliance of 18 types Minor Shari'ah violations (See structure 3 for scoring) :

Sl.No.	Types of Shari'ah non-Compliance	Allocated Marks for violation	Allocated Marks as per doubtful income	Allocated Marks as per volume of violation	Score
		Score out of 2 (always gets full marks)	Score out of 2	Score out of 2	Average

1	2	3	4	5	6
1	Client received the goods instead of the Branch from the sellers directly				
2	No record of possession of goods by the branch				
3	Cash memo/Bill/Challan/Transport receipt not found				
4	Letter of Authority not taken in case of MPI				
5	Letter of Authority not taken in case of dealership				
6	Post purchase inspection report by the Branch not found				
7	Delivery of asset was not made to the client in case of HPSM				
8	Charging of profit at agreement stage in case of Bai Salam				
9	Selling of Bai Salam goods through the client without engaging him as selling agent				
10	Amount of cash memo exceeds the investment				
11	Agreement kept blank				
12	Post dated cash memo obtained				
13	Investment Client himself is applicant of TT/DD/PO				
14	Engagement of buying agent in Bank's unapproved item				

15	Investment made to the client without engagement of buying agent				
16	Engagement of buying agent in case of local and single supplier				
17	Cash memo not taken from actual seller or supplier				
18	Back dated cash memo obtained				
Total					

4) Score 6 (3x2) @ 3 for each kind of non compliance of 2 types of lacking in motivational activities

(Employee+Client) (See structure 4 for scoring) :

Sl.No.	Types of Shari'ah non-Compliance	Allocated Marks for violation	Allocated Marks as per number of program	Allocated Marks as per attendee of program	Obtained score
		Score out of 3 (always gets full marks)	Score out of 3	Score out of 3	Average
1	2	3	4	5	6
1	Lacking in Shari'ah motivational program for the employees				
2	Lacking in Shari'ah motivational program for the clients				
Total					

5) Score 6 (2x3) @ 2 for each kind of non compliance of 2 types of other Shari'ah activities

(See structure 5 for scoring) :

Sl.No.	Types of Shari'ah non-Compliance	Allocated Marks for violation	Allocated Marks as per measure of violation	Obtained score
		Score out of 2	Score out of 2	Average

		(always gets full marks)		
1	2	3	5	6
1	Lacking in Offer and Acceptance with the Supplier			
2	Lacking in sending officials to the spot (outside of the branch) to receive/inspect (in case of buying agency) the goods and handover to the client			
3	Lacking in collecting Cash Memos directly by the branch from the suppliers			
Total				

6) Score 6 (1x6) @ 1 for each kind of non compliance of 6 types of other activities (See structure 5 for scoring) :

Sl.No.	Types of Shari'ah non-Compliance	Allocated Marks for violation	Allocated Marks as per measure of violation	Obtained score
		Score out of 1 (always gets full marks)	Score out of 1	Average
1	2	3	5	6
1	Lacking in giving or/and taking Inter-branch co-operation			
2	Lacking in establishing separate queue or counter for the Woman Clients			
3	Lacking in establishing an effective and efficient purchase cell in the branch			
4	Lacking in conducting dars regularly			
5	Lacking in housekeeping & discipline			

6	Lacking in performing salat in congregation timely			
Total				

Calculation of Risk related to non-Compliance of Shari'ah:

Structure :1

Score will be calculated as below in case of non-Compliance of 2 types major Shari'ah principles (SI No 1):

Sl.No.	Amount of doubtful income	Score	Number of Shari'ah violation (Investment A/c Number)	Score
1	2	3	4	5
1	Tk 1-50,000	2	1-3	2
2	Tk 50,001-100,000	4	4-6	4
3	Tk 100,001-300,000	6	7-9	6
4	Tk 300,001-500,000	8	10-12	8
5	Tk 500,000-1,000,000	10	13-15	10
6	Tk 1,000,001-1,500,000	12	16-18	12
7	Tk 1,500,001- 2,000,000	14	19-21	14
8	Tk 2,000,001 and above	16	22 and above	16

Structure : 2

Score will be calculated as below in case of non-Compliance of 5 types other major Shari'ah principles (SL.NO -2):

Sl.No.	Amount of doubtful income	Score	Number of Shari'ah violation (Investment A/c Number)	Score
1	2	3	4	5
1	Tk 1-50,000	2	1-5	2
2	Tk 50,001-100,000	4	6-10	4

3	Tk 100,001 and above	6	11 and above	6
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Structure : 3

Score will be calculated as below in case of non-Compliance of 18 types minor Shari'ah principles (SL.NO -3):

Sl.No.	Amount of doubtful income	Score	Number of Shari'ah violation (Investment A/c Number)	Score
1	2	3	4	5
1	Tk 1-50,000	1	1-5	1
2	Tk 50,001-100,000	1.5	6-10	1.5
3	Tk 100,001 and above	2	11 and above	2

Structure : 4

Score will be calculated as below in case of non-Compliance of 2 types of lacking in motivational activities (SL.NO -4):

Sl.No.	Number of the program	Score	volume of Shari`ah violation	Score
1	2	3	4	5
1	0 (zero)	3	1-49%	3
2	1	2	50-80%	2
3	2-3	1	81-95%	1

Structure : 5

Score will be calculated as below in case of non-Compliance of 2 types of other Shari'ah principles (SL.NO -5) :

Sl.No.	Percentage of Shari'ah violation	Score
1	2	3
1	50% and above	2
2	1-49%	1

Structure :6

Score will be calculated as below in case of non-Compliance of 2 types of other activities (SL.NO -6) :

Sl.No.	Percentage of Shari'ah violation	Score
1	2	3
1	50% and above	1
2	1-49%	0.5

Foreword

In accordance with the Bangladesh Bank Guidelines of “Managing Core Risk in Banks on Internal Control and Compliance Risk”, Internal Control and Compliance Division is required to prepare annual report on the health of the Bank which is to be submitted to Audit Committee of the BOD and a Circulation Copy to the Managing Director for perusal and further onward submission to the Board of Directors of the Bank as a regulatory compliance.

To comply with the above guidelines, this health report on the Bank overall activities for the year 20 ---- has been prepared, as well. While assessing the health of the Bank, emphasis has been given on the progress of achievement of the Bank long range visions set by the Management.

In order to built up necessary infrastructure. In the year 20 , the Bank has added nos. of branches to its ever expanding network, making presence of nos. of branches across the country. In the meantime, The Bank has become a group by expanding its business into nos. of wholly owned subsidiaries (Securities Limited, Capital Limited and Exchange Limited). Thus, the volume of business of the Bank has increased considerably. Bank has diversified its activities beyond traditional corporate banking and trade financing into Primary Dealership, OBU, Retail Banking, SME Banking, Internet Banking etc., which has made the Bank as one of the largest banking company in terms of products and services in the country.

The health of a bank may be judged from different points of view, but emphasis has been given to the feasibility of aspect and quantification. Taking these two conditions into consideration, Health of the Bank has been assessed from the view point of three dimensions, viz. Financial Health, Internal Control & Compliance Health and Image & Reputation Health. The hunch behind the segregation of health of the Bank into the above points of view is that these areas will ultimately cover the overall health sectors of the Bank. If the overall health is found sound then it may be assumed that the bank will achieve its long term goal with sustainable growth.

While analyzing financial health, emphasis has been given to the dynamism of the bank's performance in different areas of operational activities, which have been highlighted in various financial statements of the bank.

In assessing Internal Control and Compliance Health of the Bank, emphasis has been given to internal control structure of the Bank and its effectiveness, while compliance health is assessed considering the compliance culture of the Bank and its achievements.

In evaluating compliance health, attention has been given to the issues like, whether the bank is able to meet regulatory requirements and the compliance and non-compliance status of inspection reports submitted by regulatory bodies.

In assessing Image and Reputation health, attention has been given to the eminence of Board and Management of the Bank, expansionary mode of brand image and CSR (Corporate Social Responsibility) Activities.

In preparation of this health report, both the quantitative and qualitative aspects have been taken into consideration. The evaluation of major components of Health of the Bank is based upon four categories of ranking like Excellent, Very Good, Good and Satisfactory and the Bank has received a status of “ ” ranking in the health assessment for the year of 20 .

The Health of the Bank has been assessed from the view point of Financial health, Internal Control and Compliance health and Image and Reputation health. To assess the overall health position of these three health sectors, ICC Division has worked out a Health Grading Score sheet based on quantification of certain parameters of each health sector. In our analysis, the average score “90-100” means Excellent, “80-89” means Very Good, “70-79” means Good and “60-69” means Satisfactory. In the assessment, the overall health position of the Bank for the year 20 has been assessed “ ”. Detailed break-up of the Health assessment is furnished as under:

HEALTH RESULTS

Health Sector	Score Obtained	Remarks
Financial Health	81 out of 100	Very Good
Internal Control & Compliance Health	96 out of 100	Excellent
Image & Reputation Health	93 out of 100	Excellent
Overall Health	270 out of 300	Very Good
Average	90 out of 100	<u>Excellent</u>

A. Financial Health: (Prepared under supervision of Chief Financial Officer and approved by ECB)

In analyzing the Financial Health, several parameters like Earnings, Liquidity, Solvency, Asset Quality, Deposits and Loans and Advances have been considered. The Bank has received an overall Financial Health score of **out of 100**, which means the financial health of the Bank is “ ”. Hence, we are depicting below the parameter-wise financial health position of the Bank for the year ended December 31, 20 . **The detailed of these scores are also followed by enclosed health grading Score sheet.**

Name of Parameter	Score Obtained	Remarks
Earnings	21 out of 30	Good
Liquidity Health	4 out of 5	Good
Capital Adequacy & Solvency	9 out of 10	Excellent
Deposit Health	19 out of 25	Good
Loans and Advances Health	28 out of 30	Excellent
Total	out of 100	

a. Earnings:

Healthy Banks are generally profitable, and earn money. To assess the relative profitability of the bank, we have considered five earning criteria, namely- Operating Profit Growth, Net Interest Income Growth, Non-Interest Income Growth, Return on Assets (ROA) and Return on Equity (ROE). These indicators measure how profitable the bank is for its size, and a bank with higher trend in these areas tend to be a healthier bank. In our analysis, 00% weight has been allocated to Earning history of the Bank and the Bank has received a score of 21 out of 30, which means earning health of the Bank is “ ”.

1. Operating Profit Growth:

The operating profit of the Bank from 20 to 20 (three years back) was BDT , BDT , BDT respectively. The Operating Profit growth from the year 20 to 20 was negative (+/- 00%), from the year 20 to 20 it was +/- 00% and from the year 2000 to 2000 it was +/-00%, while the growth from the year 20 to 20 was %. In our analysis, a score of 10 has been allocated for 25% & above growth and 3 for below 15% growth and thus the bank has scored for its 00% growth in the year 20 (year under review).

(Add graphical presentation if needed)

2. Net Interest Income (NII) Growth:

Interest Income is the main source of Income of a bank, which solely depends upon the volume of standard loans and advances. Net Interest Income is derived by deducting Interest expenses from Interest Income. The larger the volume of Net Interest Income, the healthier will be the operating income. Net Interest Income Growth for the year 20 was 00%, while for the years 20 and 20 it recorded negative growth of (00%) and (00%) respectively. However, since 20 Net Interest Income (NII) growth of the bank has been showing a positive trend (in 20 it was 00% and in 20 00%). In Financial health grading sheet, we have given **5 score** to Net Interest Income Growth of 20% & above and **2 score** for below 10% growth. Bank has achieved a **score of 5** for 78.53% growth in Net Interest Income in the year 20 .

(Add graphical presentation if needed)

3. Non Interest Income (Non-II) Growth:

Non-Interest Income is the ancillary source of Income of the Bank. Non-Interest Income generally stems from the sources, namely: Income from fees, commission, charges, exchange gain, brokerage and other operating Income. The Growth of Non Interest Income for the year 20 to 20 was 00%, 00% and 00% respectively. In Health grading score, assigned **2 score** to the growth of “below 20%” and 5 score for 40% and above. The Bank receives the score of 00 out of 00 for achieving the growth of 00 % for the year 20 .

(Add any graphical presentation if needed)

4. Return on Assets (ROA):

We have used the statistics of 'Return on Average Asset' which is equal to the earnings of the bank, divided by its assets. A higher ROA trend indicates a healthier bank. Return on assets of the bank from the year 20 to 20 was 00%, 00% and 00% respectively. In the Financial health grading sheet, we have assigned **5 score** to ROA of 00%-00% and the Bank **scored 1** for having ROA of 0.88% in the year 20 .

(Add graphical presentation if needed)

5. Return on Equity (ROE):

'Return on Equity' is equal to the earnings of the bank, divided by its average Equity Capital. A higher ROE indicates healthier signs. Return on Equity of the bank for the year 20 to 20 was 00%, 00% and 00% respectively. Assigned **5 score** to ROE of 25% and above and the Bank **scored 00** for having ROE of 00% in the year 20 .

b. Liquidity:

Bank's liquidity policy is designed to ensure that it can meet its obligations all times as they fall due. The liquidity management within the Bank focuses on overall balance sheet structure and the control, within prudent limits, of risk arising from the mismatch of maturities of the balance sheet and from exposure to un-drawn commitments and other contingent obligations. The management of liquidity risk within the Bank is undertaken within limits and other policy parameters set by ALCO. The compliance is monitored and co-ordinate by Bank's treasury, both in respect of internal policy and regulatory requirements.

Liquidity analysis in a Bank examines whether the bank is maintaining adequate CRR and SLR, whether Loan-Deposit Ratio at required level, dependency on inter-bank borrowing at a tolerable level and overall un-drawn commitments within reasonable range etc. or not. Distributed **5 score** for Liquidity position for the year 20 (year under review) and the Bank has received **00 score**, which means that the bank has been maintaining very good A-D ratio. However, excess SLR was maintained in 20 (year under review) due to operation in the Primary Dealership (PD) market, which made the bank's dependency on money market higher, in order to maintain adequate liquidity.

1. CRR & SLR:

Bank had been maintaining Cash Reserve Ratio (CRR) & Statutory Liquidity Reserve (SLR) as per regulatory requirements. In the year 20 (year under review), CRR was 00% against mandatory limit of 6.50% and Statutory Liquidity Ratio was 00% against 19.50%. In analysis a **score of 3** can be allotted to CRR & SLR position of the Bank and the Bank received a **score of 00, out of 3** which indicates that the bank maintained excess SLR in the year 20 (year under review). Bank's borrowing from inter-bank call money market is high due to participation in the government bills/bonds.

2. Advance-Deposit Ratio (A-D ratio):

A-D ratio is the indicator that entails what should be the Bank's ideal level of loans and advances against its deposit, and to what extent the bank will be exposed to money market dependency. A-D ratios of the Bank in the year 20 to 20 were 00%, 00 and 00% respectively. In analysis the A-D ratio in the year 20 (year under review) is _____ (00%), though the bank is a (primary dealer) of the government securities and participation in auction of the govt. bills/bonds is mandatory. For the purpose of analysis, a **score of 2** has been allocated for an ideal A– D ratio 80%-85% and the Bank received a score of , out of **2 for maintaining A-D ratio of 00%** in the year 20 (year under review).

(Add graphic presentation if needed)

c. Capital Adequacy/Solvency:

A measure of a bank's financial health is its capital/asset ratio, which is required to be above a prescribed minimum. In assessing solvency health, three parameters, namely Core Capital to RWA ratio, Capital Adequacy Ratio (as per Basel-II/III regime) and Capital Growth have been considered, and the Bank has received a score of **out of 10**, which means the Capital Adequacy position of the Bank was “ ” as on the assessment period.

1. Capital Growth:

Capital requirement is a bank's regulation which sets a framework on how banks must handle its capital. The categorization of assets and capital is highly standardized so that it can be risk weighted and weights are defined by risk-sensitivity ratios, whose calculation is dictated under the relevant Capital Accord. The growths of capital of the Bank over the years 20 to 20 were 00%, 00% and 00% respectively. For the purpose of analysis a **score of 2** has been allotted to Capital growth of 20% and above and the Bank scored **out of 2 for capital growth of** % in the year 20 .(year under review)

(Add graphic presentation if needed)

2. Core Capital (Tier-I) to RWA ratio:

As per existing regulation of Bangladesh Bank (Basel-II), the Bank(please write the name of the bank) is required to maintain Core Capital (Tier-I) ratio of 5% against Risk Weighted Assets (RWA). The Bank has been maintaining Core Capital (Tier-I) in accordance with the regulatory requirements. In the year 20 , the risk-weighted assets were BDT lac against which the requirement was BDT lac (5.00% of RWA). The Bank maintained 00% (BDT lac) of the risk-weighted assets against the mandatory requirement of 5.00%. In the analysis a **score of 5** has been assigned to core capital (Tier-I) ratio of 10% and above and the bank has received the **score of 00 for maintaining Core Capital (Tier-I) at** % in the year 20 .(year under review)

3. Basel-II Requirement:

In line with the contents of BRPD Circular # 35 dated December 29, 2010 issued by Bangladesh Bank (BB), the bank (please write the name of the bank) is required to compute Minimum Capital immediately after completion of each quarter. During the year 20 , the bank computed and reported capital on the basis of Basel II regime. Under this capital accord, the minimum total Capital Adequacy Ratio has to be 10.00% of Risk

Weighted Assets (RWA) and the Bank maintained 00% as on the same date. For the purpose analysis a **score of 3** has been assigned to maintain capital adequacy ratio of above 10% (as per Basel-II) and the Bank has received the **score of 00 for maintaining Capital Adequacy Ratio of 00% in the year 20** .

d. Deposit:

Deposit is considered as the life blood of banking operation and a weapon for making maximum profit by deploying it in a high yielding investment and mixing it up in a cost effective mode. So, deposit management is, therefore, important. Effective deposit management entails optimum deposit mixture that leads to minimize cost of fund and optimize spread. In assessing deposit health, four parameters namely Deposit Growth, Deposit Mix, Cost of Fund and the ratio of core Deposit to Total Deposit have been considered, and MTB has received a score of **00 out of 25 in 20** , which means the Deposit health of the Bank is “ ”.

- 1. Deposit Growth:** Deposits, representing the largest portion of total liabilities, account for 00%, showing an increase/decrease of 00%, or BDT 00.00 lac from the year 20 . Over the past three years, the bank(please indicate your bank name) was able to increase its deposit portfolio more than (00%) from BDT 00.00 lac in the year 20 to BDT 00.00 lac in the year 20 (year under review). It is apparent that deposit growth of the Bank is in increasing/decreasing trend (on an average basis) over the last three years. For the purpose of analysis distributed **5 score** for deposit growth of 25% and above and 2 for less than 15% growth and the bank **scored** for deposit growth of 00.00% in the year 20 .(year under review)

(Add graphic representation if required)

- 2. Deposit mix:** While reviewing deposit mix of the Bank from the year 20 to 20 , it is observed that the high cost deposit mix (FDR) is 00%, 00% and 00% respectively to total deposit. For the purpose of analysis distributed **5 score** for an Ideal high cost deposit mix of 31% - 55% and the bank has **scored** for the deposit mix of 00.00% in the year 20 . (year under review)

(Add graphic representation if required)

- 3. Cost of fund:** Cost of fund is one of the most important indicators to measure the soundness of the fund management. Lower cost of fund will enlarge the spread and thus maximize profit. In the years 20 to 20 , Cost of Fund of the bank was 00.00%, 00.00% and 00.00% respectively. It has been observed that there is a significant improvement in reduction/increase of Cost of Fund in 20 (year under review), compared to 20 . The scenario can further improve by increasing more low cost deposit in the deposit mix. For the purpose of analysis a **score of 10** can be distributed for an ideal cost of fund ranging 6% - 8% and the bank has received for having 00.00 % as cost of fund in the year 20 (year under review).

(Add graphic representation if required)

4. **Core Deposit to Total Deposit:** While reviewing deposit mix of the bank for the year 20 to 20 , it is observed that the Core deposits are 00.00%, 00.00% and 00.00% respectively to total deposits. For the purpose of analysis a **score of 5** has been allocated for an ideal ratio of core deposit ranging 81%-100% and the bank has received **5** for having 00.00% as Core Deposit to Total Deposit.

(Add graphic representation if needed)

e. Loans and Advances:

Financial Health of the Bank largely depends upon the volume, diversification and portfolio quality of loans and advances, which have been disbursed by deploying customers' deposits. In assessing loans and advances health of the bank, five parameters, namely - Loans and Advances Growth, Segment-wise concentration, Sector-wise concentration, Large Loan concentration and Asset Quality have been considered. For the purpose of the analysis **30 score** for Loans and Advances Health of the Bank and the Bank has **scored** , which means Loans and Advances health of the Bank is “ ”.

1. **Loans & Advances Growth:** In the years 20 to 20 , the amount of loans & advances of the Bank was at BDT 00.00 lac, BDT 00.00 lac, and BDT 00.00 lac respectively, and the growth rates were 00.00%, 00.00% and 00.00% respectively. For the purpose of the analysis a **score of 5** has been allotted for an ideal growth ranging 25% - 30% and the bank has **scored** for achieving the growth of 00.00% in the year 20 (year under review).

(Add graphic representation if required)

2. **Segment-wise Concentration of Loans and Advances:** According to its nature, all kind of post-import finance is highly risky now a days , because of weak control of the Bank over the business movement of the client/importer. During the year 20 , Bank's investment in post-import finance (LTR+PAD) was 00.00% of total loans & advances, while the same was 00.00% in the year 20 . For the purpose of the analysis a **score of 5** has been allotted for an ideal segment-wise concentration below 15% and the bank has received for having segment-wise concentration of 00.00% in the year 20 .
3. **Sector-wise Concentration of Loan and Advances:** Bank's Loans and Advances to Sector (please indicate the highest investment sector) is around BDT 00.00 lac, which is 00.00% of total Loans and Advances. More specifically, Loans and advances to (please indicate the specific types such RMG/Ship Building etc.) industries is BDT 00.00, which is 00.00% of Total Loans and Advances. Bank's concentration in a particular sector in this respect is at satisfactory/unsatisfactory level. For the purpose of the analysis a **score of 5** has been allotted for an ideal sector-wise concentration ranging 20% - 30% and the bank has received **score** for having sector-wise concentration within 00%, in the year 20 .
4. **Large Loan Concentration:** Bank sanctioned & disbursed large loan (10% or more of total capital, as defined under BRPD circular # 05, dated 2005) of BDT 00.00 lac (including non-funded loans), which is 00.00% of total loans and advances against BB's set limit of 56%, which is quite satisfactory/unsatisfactory. However, this concentration in the last year (20) was 52.73%. In our analysis a **score of 5** has been allotted for an

ideal Large Loan concentration below/high 00% and the bank has received **4 score** for having Large Loan concentration of % in the year 20 .

5. **Asset Quality (NPL Management):** At the end of year 20 , the Bank's total loans and advances were up by 00.00% over 20 (preceding year) , showing an increase/decrease of BDT 00.00 lac. Despite this growth, loans classified as "substandard and below" was below 00.00%, i.e 00.00(actual rate)%, which is at satisfactory level and 00.00% less/higher than that of previous year. The NPL of 20 was 00.00%. For the purpose of the analysis a **score of 10** has been allotted for an ideal NPL ratio of below 3% and the bank has received **score** for having NPL ratio of **00.00%** in the year 20 .

(Add graphic representation if required)

B. Internal Control and Compliance Health:(Prepared under supervision of Head of Audit and approved by ACB)

Bank's internal control system is designed to facilitate effective and efficient operations and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. In devising internal controls, the Bank has taken into account the nature and extent of the risk, the likelihood of its occurring and the cost of controls. A system of internal control is designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide a reasonable, but not absolute, assurance against the risk of material misstatement, fraud or losses.

Analyzing Internal Control and Compliance health of the Bank encompasses the level of compliance of Board and Audit Committee decisions, Management Committees decisions, applicable laws, regulations and internal policies and regulatory requirements. The Bank has received an overall Internal Control and Compliance Health score of **out of 100**, which means that the Internal control and compliance health of the Bank was " " as on December 31, 20 .
The details of scores are followed by the enclosed health grading Score sheet.

a) Internal Control Health:

In analyzing Internal Control health, five following parameters have been considered and the Bank received **out of 50** which indicate that the Internal Control system of the Bank is **Excellent**. Detailed score is as under:

Name of Parameter	Score Obtained	Remarks
Implementation Status of Board of Directors' decision		
Implementation status of Audit Committee's decision		
Implementation Status of MANCOM decision		
% of Audit conducted to estimated Plan during the year		
Implementation Status of ALCO decision		
Implementation Status of WCM decision		
Total		

Board and Audit Committee's Roles in the Bank:

The effectiveness of the Bank's internal control system is reviewed by the Board and the Audit Committee. The Executive Committee or Board of Directors receives regular reports on significant risks facing the Bank and how they are being controlled. In addition, Bank's independent auditors present reports to the Audit Committee that include details of significant internal control matters, which they have identified.

The Board of Directors of the Bank approves and reviews the overall business strategies and policies of the Bank. The Board of Directors of the Bank has formed Audit Committee, and the Audit Committee performs its roles in accordance with applicable rules and regulations.

Implementation status of Board's Instruction: During the year 20 , Board meetings were held times and decisions were taken by the Board of Directors, out of which were implemented and the implementation status is %.

Implementation status of Audit Committee's Decisions: During the year 20 , Audit Committee met 00 times and took 00 decisions, out of which 00 decisions were fully complied with. The percentage of compliance is 00%.

Management Committee:

The Bank has established SMT, the meetings of which are presided over by Managing director of the Bank. SMT reviews and recommends all policies and strategies, which are forwarded to the Board for approval/ratification. The Senior Management will review the reports of Internal & External Audit, reports of regulatory bodies and take appropriate steps in compliance process to remove the irregularities.

Implementation status of SMT Decisions: During the year 20 , SMT arranged 00 (in words) meetings and took decisions out of which are fully complied with and decision related to of the bank is under process of implementation. The percentage of compliance is 00.00%.

Implementation status of Asset-Liability Committee Decision:

Asset-Liability Committee (ALCO) regularly meets to address factors, such as the change in interest rate, market conditions and carries out liability maturity gap analysis and re-pricing of products. During the year 20 , ALCO meetings were held times. The committee took a total of decisions, out of which decisions were fully complied with. The percentage of compliance is 00.00%.

Implementation Status of WCM Decisions:

In order to bring effectiveness in the process of Management Information System (MIS) and Internal Control System of the bank on the activities of various Divisions/Departments of Corporate Head Office (CHO) as well as the branches, CHO arranges meetings on weekly basis, which are attended by heads of different Divisions/ Departments of CHO and managers of different branches (as guest attendees). Under the chair of Managing Director & CEO, regular Weekly Communication Meeting (WCM) is held at CHO to review the progress of Divisional/Departmental activities/ implementation of action points/decisions taken by the management, and the future course of action is taken.

During the year 20 , the weekly communication meeting was held times taking 00 decisions, out of which 00 decisions were fully implemented, and the remaining 00

decisions are under process of implementation. Percentage of Implementation status is 00.00%.

Internal Audit and its rectification status: The audit program/schedule is developed and duly approved by the competent authority at the very beginning of the year, and audits are conducted accordingly. In the year 20 , audit of 00 branches of the bank (out of 00 branches) has been completed, and the percentage of audited branches is 00.00%. The audit of the remaining 00 branches has been completed this year(year of report preparing). During this period, the audit team raised 00 objections, and 00 objections were rectified. The percentage of rectification is 00.00%. Apart from it, special audit on different Department/Divisions of Head office and different risk areas were conducted as per Management instructions and requirements, in 20 (year under review) .

b). Compliance Health:

In assessing compliance health, the Bank has emphasized on the compliance status of all regulatory observations and time management. For the purpose of the analysis the following 5 indicators have been considered to assess compliance health of the Bank and the Bank has received a score of **00 out of 50**, which means Compliance health position of the Bank is “ ”.

Name of Parameter	Score Obtained	Remarks
Implementation of Core risk Guidelines		
Basel-II Implementation Status		
External Audit Compliance		
Bangladesh Bank Audits Compliance		
Internal Audit Compliance		
Good Governance		
Total		

Implementation Status of BB's Core Risk Guideline:

Bangladesh Bank's Inspection teams conducted inspection on 05 Core Risk areas of the Bank out of 06 Core Risk areas and raised 50 observations/ suggestions, out of which 00 have already been complied with. The percentage of rectification is 00.00%, which is satisfactory. The concerned divisions have been advised to rectify the remaining objections.

Basel-II compliance status:

As per new capital accord, the Bank is required to maintain a regulatory capital of 10% of RWA, against which the Bank is maintaining 00.00%.

Bangladesh Bank's inspection and its compliance position:

Bangladesh Bank submitted 00 reports on the branches of the Bank during the year 20 . As per BB's report, the number of objections was 00 out of which 00 objections were rectified as on 31.12.20 and the percentage of Compliance is about %.

External Auditor's report and its compliance position:

In the year 20 , External auditors made 00 observations on the bank's activities for the year 20 , which have been complied.

Internal Audit & inspections & its Compliance:

During the year 20 , the internal Audit team detected 00 objections, out of which 00 objections were rectified and 00 objections are yet to be rectified. Percentage of rectification is 00%. Close persuasion is going on to rectify all the pending Audit objections.

Good Governance:

The Bank has meticulously followed and complied with all regulatory instructions issued time to time by Securities and Exchange Commission as well as Bangladesh Bank, vide different notifications and circulars regarding ensuring good governance in the institutions, in the year 20 .

From the above analysis, it is evident that the Internal Control and Compliance health of the Bank is .

C. Image & Reputation Health:(Prepared by External Auditor)

Better image and reputation increase the confidence of the stake holders, which ultimately increases market Value of the Bank. The valuation of image and reputation is difficult but not totally impossible. We have tried to assess ‘**Image and Reputation health**’ of the Bank by quantifying following parameters and the Bank has received a score of **00 out of 100**, which indicates “ ” Image and Reputation Health. Detailed analysis of Image and Reputation health is followed by attached score sheet.

Name of Parameter	Score Obtained	Remarks
Board Image		
Management Image		
Branding		
Corporate Social Responsibilities Activities		
Service to Customer		
Suits filed by the counterparties		
Imposition of Penalties by the regulatory bodies		
Total		

For the purpose of the analysis, we have considered Board Image, Management Image, Branding, CSR Activity, suit filed against the Bank and Imposition of Fine by Regulatory bodies(such as Bangladesh Bank, SEC, The Honorable Court etc.) as the measures of Image and reputation health, where negative score has been allocated for suit filed against the bank and imposition of fine by the regulatory bodies.

Board Image:

Bank Limited is sponsored and directed by renowned and respected business personalities in the country, who are also the owners of some leading conglomerate of the country and have become iconic and legendary in their own business arena, and thus the image of the Board has upgraded the image of the Bank also. The Board of Directors of the Bank is always supportive for the Bank Management and providing continuous guidance towards achievement of . Apart from this, the Board has also ensured good governance in all respect of the Bank. In our analysis a score of 20 has been assigned to Board Image and the **Bank has received the score of 00 out of 20.**

Management Image:

The senior Management of the bank has also outstanding image in the banking sector. The Bank has employed CEO who is held in high esteem in the banking arena. The senior

management in the core management team, has also enhanced the image and reputation health of the Bank. The Bank is managed professionally in all respect by ensuring good corporate governance, better customer services and compliance of regulatory requirements over the years. The rights of all stakeholders are duly protected. The disclosure of information is duly made as per regulatory requirements, and also for the valued shareholders. The Bank has received a score of **00 out of 20** for strong Management Image.

Branding:

Unique Branding is one of the finest ways to reach the mass people. The branding activities of the Bank are increasing gradually, and to this effect the Bank has set up bill-board and signage in commercially important places with a view to be 'the bank of choice' of the people. The people of the country are familiar with the brand of _____, yet a lot of things need to be done to enhance its brand value. In our analysis it is found that the Brand Value of the Bank is "_____" and has received a score of **00 out of 20**.

Corporate Social Responsibilities:

_____ is imbued with the spirit of Corporate Social Responsibility (CSR), and has contributed to education, sports, art and culture, charitable, educational and healthcare institutions across the country in the form of donation and sponsorship. _____ had always been by the side of the common and less advantaged people of the society in natural catastrophes; like flood, cyclone, cold waves or any other national crisis. _____ has launched loan products for the poor farmers and SME customers and planned to introduce more banking products and CSR programs for the poor of the society. The Bank has received a score of **00 out of 10** in CSR Activities.

Services to Customer:

Bank Limited is committed to provide best customer services. In addition to providing customer services from the branches (over the counter) the bank is rendering manifold personalized and prompt services to the customers, which include ATM services, KIOSK, Card services, POS, internet banking, SMS banking etc. According to our observations, the customers of _____ Bank Limited are satisfied at the services provided to them. _____ Bank employees are also "_____" to that cause, nevertheless, there is always room for development. For the purpose of the analysis, the Bank has received a score of **00 out of 10** for customer service.

Suits filed by the counterparties:

In quantifying Image and Reputation health we have also considered the position of suits filed against the Bank, and assigned 10 score for maximum 4 suits, and no score for 20 or more suits filed against the Bank, by the counterparties. During the year 2014, 10 suits were filed by the counterparties, and the bank has received a score of **00 out of 10**.

Imposition of Penalties by the regulatory bodies:

In our analysis we have considered whether any sort of penalty has been imposed on the bank by the regulatory bodies or not and assigned a zero (0) score for imposition of any penalty/fine. During the year 20____ the bank did not have any imposition of penalty by the regulatory bodies, and it has received a score of **00 out of 10**.

It appears from the above that the Image and Reputation Health of the Bank is "_____"

D. Conclusion:

The analysis as made above shows that the financial health of the bank is “ ”; internal control & Compliance Health of the bank is “ ” and image and reputation health is “ ”.

To bring more sustainability and soundness in the overall health of the Bank, it is required to exert utmost efforts to improve the financial health of the Bank, by utilizing the infrastructure, brand image and reputation of the Bank.

Following observations/ suggestions are made to sustain the overall health of the bank at excellent level: -

- Cost of fund should be reduced by introducing wide range of low cost liability products in order to increase NIM.
- Dependency on inter-bank money market to be reduced by mobilizing more deposits.
- Sources of low cost deposit to be increased, instead of concentrating on a limited number of persons/organizations to minimize the risk of withdrawal of big chunk of deposit by them at any time.
- High cost deposit to be deployed in high yielding asset portfolio for matching cost with the revenue.
- Quality of Front desk service of the Bank should be improved for Image building and business growth.
- Core Risk Guidelines of CRM should be implemented properly in order to maintain Asset quality at desired level. Special attention to be made for improvement of Treasury Management in order to reduce ALM risk.
- Operational risk of the Bank may be reduced by employing skilled manpower as well as by imparting need based training.

(This is a pro-forma Annual Health Report. All the banks are advised to customized this report according to their business volume and operation technique except grading calculation.)

Annexure-D1

Health Grading Score Sheet As on December 31, 20

Financial Health

90 & Above Excellent
80-89 Very Good
70-79 Good
60-69 Satisfactory
Below 60 Marginal

Total Score Obtained	80
Result	Very Good

i)	Earning Success	Parameter Range	Actual Parameter	Assigned Value	Score Obtained
	Operating Profit Growth	25% & Above		10	
		20%-25%		8	
		15%-20%		6	
		Below 15%		3	
	Net Interest Income Growth	20% & Above		5	
		15%-19%		4	
		10%-14%		3	
		Below 10%		2	
	Non-Interest Income Growth	40% & Above		5	
		30%-39%		4	
20%-29%			3	0	
Below 20%			2		
Return on Asset (ROA)	2%-3%		5		
	1%-2%		4	0	
	Less than 1%		1		
Return on Average Equity (ROAE)	25% & Above		5		
	20%-24%		4		
	15%-19%		3	0	
	Below 15%		1		
	Total Earning Success Score (out of 30)				0
II)	Liquidity Health				
	CRR and SLR	Above 19%		2	
		19%		3	0
		Bellow 19%		0	
	A-D Ratio and Interbank Dependency	Above 85%		0	
		80%-85%		2	
		70%-79%		1.5	
	Below 70%		1		
	Total Liquidity Score (Out of 5)				0
III)	Solvency				
	Core Capital to RWA ratio (As per Basel-II)	Above 10%		5	
		7%-10%		4	
		4.5%-7%		3	0
		Bellow 4.5%		0	
	Capital Adequacy Ratio (As per Basel-II)	Above 10%		3	
		8%-10%		2	
		6%-8%		1	0
		4%-6%		0	
	Growth of Capital/Shareholders' Equity	20% & Above		2	
		10%-20%		1	0
	Bellow 10%		0		
	Total Solvency Score (Out of 10)				0

IV)	Deposit Health	Parameter Range	Actual Parameter	Assigned Value	Score Obtained
	Deposit Growth	25%-30%		5	0
		20%-24%		4	
		15%-19%		3	
		Less than 15%		2	
	Deposit Mix (% of High Cost Deposit)	100%-86%		1	0
		85%-71%		3	
		70%-56%		4	
		55%-31%		5	
	Cost of Fund	12%-14%		4	0
		10%-12%		6	
8%-10%		8			
6%-8%		10			
Core Deposit to Total Deposit	81%-100%		5	0	
	71%-80%		3		
	60%-70%		1		
	Total Deposit Score (Out of 25)			0	
v)	Loans & Advances Health				
	Loans and Advance Growth	25%-30%		5	
		20%-24%		4	
		15%-19%		3	
		10%-14%		2	
		5%-<10%		1	
	Segment-wise Concentration (% of concentration (LTR+PAD) to total Loans and Advances)	10%-15%		5	0
		16%-20%		4	
		21%-25%		3	
		Above 25%		2	
	Sectoral Diversification (As a % of Industraial/Manufacturing Loan to Total Loans & Advances)	25%-34%		5	0
		35%-44%		4	
		45%-54%		3	
		Above 54%		2	
	Concentration of Loans (Large Loan to Total Loans and Advances)	Above 60%		2	#REF!
56-60%			3		
50-55%			4		
Below 50%			5		
Asset Quality (NPL Management)	5% & Above		2	0	
	3%-5%		6		
	0%-3%		10		
	Total Loans & Advances Score (Out of 30)			#REF!	
		Total Score			#REF!

Health Grading Score Sheet
As on December 31, 20

Internal Control & Compliance Health

90 & Above Excellent
80-89 Very Good
70-79 Good
60-69 Satisfactory
Below 60 Marginal

Total Score Obtained	0
Result	Satisfactory

i)	Internal Control Health	Parameter Range	Actual Parameter	Assigned Value	Score Obtained	
	Implementation Status of Board of Directors' decision	90%-100%	100%	10		
		70%-90%		8		
		50%-70%		6		
		Bellow 50%		4		
	Implementation status of Audit Committee's decision	90%-100%	100%	10		
		70%-90%		8		
		50%-70%		6		
		Bellow 50%		4		
	Implementation Status of MANCOM Decision	90%-100%	99%	10		
		70%-90%		8		
		50%-70%		6		
		Bellow 50%		4		
	Internal Audit (% of Audit conducted to Estimated Plan during the year)	90%-100%	95%	10		
		70%-90%		8		
		50%-70%		6		
		Bellow 50%		4		
	ALCO Meeting (Action point Implementation status)	90%-100%	97%	5		
		70%-90%		4		
		50%-70%		3		
		Bellow 50%		2		
	Weekly communication Meeting (Action point Implementation status)	90%-100%	98%	5		
		70%-90%		4		
		50%-70%		3		
		Bellow 50%		2		
		Total Internal Control Health Score (Out of 50)			0	
ii)	Compliance Health	Parameter Range	Actual Parameter	Assigned Value	Score Obtained	
	Implementation of Core risk Guideline	90%-100%		10		
		70%-90%		8		
		50%-70%		6		
		Bellow 50%		4		
	Basel-II Implementation Status (% Eligible Capital to Risk weighted Asset)	Above 10%		10	0	
		9%-10%		8		
		8%-9%		6		
		7%-8%		4		
	External Audit Compliance (as a % of objections raised to Compliance)	90%-100%		10	0	
		70%-90%		8		
		50%-70%		6		
		Bellow 50%		4		
	Bangladesh Bank Audits Compliance (As a % of Objections raised to Compliance)	90%-100%		10	0	
		70%-90%		8		
		50%-70%		6		
		Bellow 50%		4		
	Internal Audit Compliance (% of objections raised to Compliance)	90%-100%		5	0	
		70%-90%		4		
		50%-70%		3		
		Bellow 50%		2		
		Good Governance	Strong		5	0
			Medium		4	
			Partial		3	
			Poor		2	
Total Compliance Health Score (Out of 50)						

Total Score	
--------------------	--

Health Grading Score Sheet
As on December 31, 20

Image & Reputation Health

90 & Above Excellent
80-89 Very Good
70-79 Good
60-69 Satisfactory
Below 60 Marginal

Total Score Obtained	0
Result	Excellent

	Image & ReputationHealth	Parameter Range	Achievement	Assigned Value	Score Achieved
	Board Image	High Average Satisfactory		20 16 10	0
	Management Image	High Average Satisfactory		20 16 10	0
	Branding	Excellent Very Good Good Satisfactory		20 16 14 12	
	CSR Activity (Amount of Subscription and Donation)	BDT 20 million BDT 10-20 million Bellow BDT 10 million		10 4 2	
	Better Services to Customer	Strongly Committed Committed No Stipulation		10 9 6	
	Suits Filed by the Couterparties	20 or more 11 to 19 5 to 10 0-4		0 5 8 10	
	Imposition of Penalties by Regulatory Bodies	Yes No		0 10	0
	Total Image & Reputational Health Score (Out of 100)				0

Total Score	0
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Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
General Banking Activities:																																	
Overall Cleanliness of the branch premises	Ensure proper cleanliness of the branch premises as per CHO instructions.	In-charge of all department																															
		Branch Manager																															
Attendance of the branch employees	Ensure timely attendance of all employees of the branch.	In-charge of all department																															
		Branch Manager																															
Safety , Security measures and premises protection	Ensure 24 hours duty of security guard.	Manager Branch Operation																															
	Ensure duty of Gun man during office hour.																																
	Ensure CC TV coverage for 24 hours.																																
	Ensure adequate Fire Extinguisher in branch premises.																																
	Ensure generator back up during office hour.																																
	Testing of security alarm of the branch.																																

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																															
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
	Ensure adequate smoke detector in branch premises.																																	
	Quarterly checking of electrical wires of the branch by qualified electrician.																																	
	Checking of duty of security guard by the branch officials during holiday.																																	
	Emergency contact number i.e. Police station, Fire station, RAB, Hospital etc. are available in branch.																																	
Compliance of CHO Instructions	Ensure full compliance of Bank Dress code for the employees of the bank.	Branch Manager/ Manager Branch Operation																																

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Ensure full compliance of Bank Compliance Manual.																																
	Ensure full compliance of Bank Winning (Etiquette and Service Excellence guideline for employees).																																
	Ensure full compliance of Bank Code of Conduct.																																
	Ensure full compliance of Customer Acceptance Policy.																																
	Ensure full compliance of Bank Anti Harassment Policy.																																
Compliance of Regulatory Instructions	Checking the validity of Bank's License.	Branch Manager/ Manager Branch operation																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Checking the validity of all insurance policy of the branch.																																
	Compliance of Bangladesh Bank, Internal and External Audit and Inspection Report.																																
	Notice regarding receiving and exchanging of torn & soiled notes.																																
	Notice regarding forged notes.																																
	Display notice regarding cheque returns for insufficient fund.																																
	Display leaflets containing the salient points of AML and CFT.																																

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Display up -to date financial statements with highlights.																																
	Display bank’s interest rates on various deposit and lending products.																																
	Maintain complaint box in a visible place																																
	Display up to date schedule of charges of the bank.																																
Cash in hand Local Currency	Daily cash received and payment made including online payment by following CHO instructions	Dealing officer/s Name & Design																															
		Cash In-charge/DM																															
	Review teller's cash sheet with evidence & registers.	GB In-charge/DM																															
	Physical cash	Cash In-charge																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	balance to be cross-checked with daily cash balance book, vault register/vault management and tally with affairs.	GB In-charge/DM																															
	Ensure cash transaction and cash holding of the branch within insured limit of Cash in Safe, Cash on Counter and Cash in Transit of the	Cash In-charge																															
		GB In-charge/DM																															
	Mutilated notes separately kept and recorded in the separate register.	Cash In-charge																															
	Fly leaf of the branch is used each and every bundle of currency notes	Cash In-charge																															
Cash in hand	Selling and Buying of	Dealing officer/s Name & Design																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Foreign Currency	Foreign Currency and recording in the register under dual control.	In-charge GB/FEX/DM																															
	Physical cash balance to be cross-checked with daily cash balance book, vault register/vault management and tally with affairs.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
ATM	Loading of cash in ATM after accessing previous balance.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
	Maintenance of corporate intranet based electronic register.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
	Passing necessary entries soon after loading and unloading.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
Prize Bond	Prize bonds are recorded	Dealing officer/s Name & Design																															

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	mentioning the number in the register/sheet	GB In-charge/DM																															
	Checking of physical stock with GL and prize bond register.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
	Ensure preparation of statement by mentioning the serial number of unsold prize bond by a responsible Officer other than the In-charge of prize bond before and after end of each draw result.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
Stamps in and	Confirm Purchase and sale/consumption of stamps are recorded denomination wise in the register under dual control	Dealing officer/s Name & Design																															

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DOT-CL) - DAILY			FOR THE MONTH OF:																														
PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	and register is checked by the authorized Officer.	GB In-charge/DM																															
	Physical verification of stamps in hand with GL and register.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
Sanchaypatra	Receiving and recording of SP block from feeding branch/BB.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
	Selling of Sanchaypatra and encashment of SP.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
	Claiming reimbursement against encashment SP in time.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
	Physical verification of SP block with SP stock register and validation of above transactions.	Dealing officer/s Name & Design																															
		GB In-charge/DM																															
Account opening	Opening of various deposit	Dealing officer/s Name & Design																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

DEPARTMENTAL FUNCTION CHECKLIST (DOFC) - DAILY		FOR THE MONTH OF:																															
PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
activities	accounts by following applicable rules and regulations, preserving the same and loading information in Flora System with due approval of Branch Manager.	GB In-charge/DM/BM																															
	Contact Point Verification (CPV) to be done as per CHO instructions.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Sending thanks letter at time of opening new deposits account and sending Half Yearly Balance Confirmation Certificate as per BRPD circular of Bangladesh Bank.	Dealing officer/s Name & Design																															
GB In-charge/DM/BM																																	

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Supply of leaflets containing the salient points of Anti Money Laundering and Combating Financing of Terrorism ACT to the customer.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
Compliance of Anti Money Laundering activities	Holding of BAMLCO meeting regularly	Dealing officer/s Name & Design																															
		BAMLCO																															
	Monitoring and review of TP and KYC regularly	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Monitoring of High Risk Client as per KYC	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Review and reporting of CTR & STR and maintaining hard copy there of.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
Cheque Books	Requisition of cheque books	Dealing officer/s Name & Design																															

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	to CHO under dual control, receiving & recording the same in the system under dual control and delivery to the respective account holder with due acknowledgement.	GB In-charge/DM/BM																															
	Physical verification of undelivered cheque books is to be done by dually.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
Printing stationery and Security stationery (FDR, PO, PS)	Requisition of printing and security stationery to CHO under dual control, receiving, issue/consumption of the same is duly recorded in the register under dual control.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Physical verification of	Dealing officer/s Name & Design																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

DEPARTMENTAL CONTROL CHECKLIST (DO/CL) DATE: _____ FOR THE MONTH OF: _____																																	
PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	stock with GL and register to be done dually at the end of month.	GB In-charge/DM/BM																															
Locker Account	Maintaining of locker register and attendance register under dual control.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Maintaining of Master keys of locker under dual custodians.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Realization of security deposit, locker rent and insurance premium as per CHO instructions.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
Standing/ Stop Payment instructions	Maintenance of standing instructions file and recording the same in the register under dual control.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Marking / loading the	Dealing officer/s Name & Design																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	information in the Flora system under dual control	GB In-charge/DM/BM																															
Debit Card and Credit Card (fresh and renewal)	Receiving of application for issuance of Card from the client and forwarded to Card Division, CHO for approval.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Receiving and recording of cards and distribute to the customer under dual control.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Maintaining of undelivered card and Pin by separate custodian.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
Bangladesh Automated Clearing House	Scanning image of received instruments.	Dealing officer/s Name & Design																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
(BACH) <u>Outward</u>	Posting of cheque series, routing number, account number, transaction number and amount of the instruments.																																
	Marking of BACH in High value and regular value.																																
	Release reprocess to Central Clearing Department (CCD).																																
	Checking settlement position of BACH.																																
	Inform returned instruments information to the client.																																
	Validation of above activities by Supervisor		GB In-charge/DM/BM																														

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Bangladesh Automated Clearing House (BACH) <u>Inward:</u>	BACH delegation (receiving and printing).	Dealing officer/s Name & Design																															
	Scrutiny of BACH (checking of cheque series, routing number, account number, transaction number, amount of the instruments, manual and electronic endorsement of both high value and regular value instruments)																																
	Accepting of instruments.																																
	Debit customer account upon getting positive payment advice from the customer in case of need.																																

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Validation of above activities by Supervisor	GB In-charge/DM/BM																															
Outward bill for collection (OBC)	Receiving of instruments, recording in the register and sending of instruments for collection under dual control.	Dealing officer/s Name & Design																															
	Passing lodgment and reversal of contra entries in the system.																																
	Inform return information of instruments (if any) to the client.																																
	Validation of above activities by Supervisor	GB In-charge/DM/BM																															
Inward bill for collection (IBC)	Receiving and recording in the register under dual control.	Dealing officer/s Name & Design																															

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Scrutiny and payment the same under dual control upon complying relevant policy and procedure of the bank.																																
	Validation of above activities by Supervisor.	GB In-charge/DM/BM																															
Bills and Remittance	Issuance and encashment of Pay Order, Pay Slip and Demand Draft upon complying relevant policy and procedure of the bank and recording the same in the register under dual control.	Dealing officer/s Name & Design																															
	Balancing the leaf of security blocks on regularly basis.																																
	Validation of above activities by Supervisor.	GB In-charge/DM/BM																															

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																															
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
Reconciliation	Reconciliation of online GL transaction with other branches and CHO has been done upon complying relevant policy and procedure of the bank.	Dealing officer/s Name & Design																																
		GB In-charge/DM/BM																																
	Reconciliation of balance of deposit account maintained with other bank.	Dealing officer/s Name & Design																																
		GB In-charge/DM/BM																																
Activities of Accounts Department	Closing of daily transactions/Day ending.	Dealing officer/s Name & Design																																
	Printout out and checking	Dealing officer/s Name & Design																																

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	of all the mandatory outputs of daily transactions (Statement of Affairs, Back page of affairs, Audit trail report, Transaction list/Supplementary sheet etc.)	In-charge all department /DM/BM																															
	Balancing of ledgers and books of accounts regularly.	Dealing officer/s Name & Design																															
		In-charge all department /DM/BM																															
	Charging of interest, service charge and depreciation.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Realization of VAT and AIT as per instructions of concerned Government office.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Interest paid to deposit account.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Monthly provision made against expenses.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Debit all office account (sundry creditors' a/c, sundry debtors' a/c, advance against employee a/c, advance against suppliers a/c, suspense a/c etc.) with the approval of branch manager and reviewing the same.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Review and reversal of contra entries.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Checking and review of interest product sheet.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Preparation, checking and preservation of daily vouchers.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Listing of Dormant account and maintaining the same.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
	Checking and preservation of Audit Trail Report.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
Reports/ Returns /Statements	Ensure submission of daily/weekly/monthly/quarterly reports to CHO and Regulatory bodies and preserved in the file.	Dealing officer/s Name & Design																															
		GB In-charge/DM/BM																															
Credit Department Activities:																																	
Credit Operations	Preparation of loan proposal and sending to CHO for approval upon complying relevant policy and procedure of the bank.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Prepare CRG /up to date CRG of the client.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

DEPARTMENTAL FUNCTION CHECKLIST (DOFC) - DAILY			FOR THE MONTH OF:																														
PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Obtaining CIB report / up to date clean CIB report/ CIB reporting.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Receiving CHO sanction letter and accordingly advice to the client.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Execution required papers and documents as per CHO sanction.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Prepare LDCL and sending to CHO for obtaining the Authority for Disbursement and disburse the loan.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Maintain safe-in and safe-out register under dual control.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Maintain due date diary for insurance and SRO token of the branch.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Prepare loan sanction checklist	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
Monitoring, follow up and supervision	Follow up and supervision of credit exposure of the branch regularly for keeping loans and advances/assets as standard.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Follow up the overdue and NPL loans regularly.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Monitoring, supervision and follow up of all court cases (if any).	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Ensure timely renewal of loans.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
	Rescheduling of classified loan accounts (if any) as per BRPD circular of BB.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Prepare of CL Statements as per BRPD circular of BB.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
Returns , statements and reporting	Prepare periodic returns as per CHO and B. Bank guidelines i.e. monthly statement, monthly & Quarterly CIB, CL & CIB reconciliation, Industrial Term Loan Statement, quarterly SME statement, quarterly Agro based Industry statement, CL returns, MCR under BASEL II, Half Yearly Statement etc.	Dealing officer/s Name & Design																															
		Credit In-charge/DM/BM																															
Trade Finance and Foreign Exchange Transactions:																																	

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Credit approvals for trade transactions	Obtaining credit approvals for trade transactions by MITS	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
Loan account opening and limit loading	Opening loan account and loading of loan limit after complete LDCL formalities.	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
Receiving Transaction request of a customer	Transaction request of customers forwarded to the respective MITS Centre through tracking system or courier.	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Payment of accepted bills within the maturity date	Obtaining post facto approvals (for demand loan creating for insufficient fund in customer's account or FBPAP account) from the Management of the bank as well as BB (if required).	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
Timely recovery of loan	Timely recovery of outstanding loan.	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
Day End at Branch level	Exception (if any)	Dealing officer/s Name & Design																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

DEPARTMENT OF CUSTOMS AND EXCISE (DOCE) - DCE			FOR THE MONTH OF:																															
PROCESS	FUNCTIONS	Responsibility	Initial																															
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
	communicates with concern centre/sub-centre well ahead of time. (Given the standard business hours of 10.00 a.m. to 6.00 p.m., it is expected to have the day end, anytime after 6.30 p.m.)	Relationship Manager (RM)																																
Cash Transactions	Realizing commission and charges (e.g. advising charges) in cash from non customers.	Dealing officer/s Name & Design																																
		Relationship Manager (RM)																																
Issuance and realization of Pay orders/FDDs	Issuing PO or FDD (after the fund for their issuance have been credited to the respective heads of accounts)	Dealing officer/s Name & Design																																
		Relationship Manager (RM)																																
	Clearing and collection of	Dealing officer/s Name & Design																																

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Pay order (PO) or FDD.	Relationship Manager (RM)																															
Stamps in Hand	Releasing stamps to at the end of the day after the equivalent value of the stamps are credited to Stamps in Hand account.	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
Collecting Bill of Entries and EXP forms from respective customers	Collecting all Bill of Entries within 15 (fifteen) days from the date of release of imported consignment for onward reporting to BB within the due time.	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

DEPARTMENTAL FUNCTION CHECKLIST (DOFC) - BULKY			FOR THE MONTH OF:																															
PROCESS	FUNCTIONS	Responsibility	Initial																															
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
	Collecting all EXP forms within 10 (ten) days from the shipment date of the export consignment for onward reporting to BB within the due time.	Dealing officer/s Name & Design																																
		Relationship Manager (RM)																																
Storage of Files and Register	Notifying updated information of the file and provides with a copy of the related documents to centre /sub centre. [Master file of the customer maintained at branch level]	Dealing officer/s Name & Design																																
		Relationship Manager (RM)																																
Cash Incentive and Duty Draw back	Claiming Cash Incentive to BB through CHO and paid to client by following all applicable rules and regulations.	Dealing officer/s Name & Design																																
		Relationship Manager (RM)																																

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

DEPARTMENTAL FUNCTION CHECKLIST (DOFC) – DAILY			FOR THE MONTH OF:																														
PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	Ensure accurate cash incentive calculation sheet.	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
	Collecting PRC and other related certificates/doc uments.	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
	Ensuring timely submission of reporting.	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
Central Payment Unit(CPU)	Submission of Payment Instructions (PI) and Reimbursement Authorizations (RA).	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															
Statement /Return /Reporting	Timely submission of all statement & returns to regulatory bodies including Bangladesh bank & Corporate Head office	Dealing officer/s Name & Design																															
		Relationship Manager (RM)																															

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

Trade Finance and Foreign Exchange Transactions at Branch Level:

Import	Opening of LC by obtaining stipulated margin/cash security.	Dealing officer/s Name & Design																														
		FEX In-charge/DM/BM																														
	LC commission /charge realized properly.	Dealing officer/s Name & Design																														
		FEX In-charge/DM/BM																														
	LC opened with valid IRC/other related papers and documents.	Dealing officer/s Name & Design																														
		FEX In-charge/DM/BM																														
	Compliance of other terms and conditions as stipulated in CHO sanction letter.	Dealing officer/s Name & Design																														
		FEX In-charge/DM/BM																														
	L/C opened by obtaining buyers'/supplier s' credit report (where applicable)	Dealing officer/s Name & Design																														
		FEX In-charge/DM/BM																														
	Importer's signature	Dealing officer/s Name & Design																														

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	verified by the concerned branch officials of the branch in Pro-forma Invoice /Indent / LC application form etc.	FEX In-charge/DM/BM																															
	Original shipping documents/ import documents keeping until liability adjusted.	Dealing officer/s Name & Design																															
		FEX In-charge/DM/BM																															
	Readable copy of LC and 3rd & 4th copy of LCAF sent to CCI&E in due time	Dealing officer/s Name & Design																															
		FEX In-charge/DM/BM																															
	PAD register and other register relating to Import, properly maintained by the branch.	Dealing officer/s Name & Design																															
		FEX In-charge/DM/BM																															
	Collect Bill of Entry/Custom	Dealing officer/s Name & Design																															

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - **"DAILY"**

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	certified invoice from the client and Matching of Bill of Entry/Custom certified invoice done with IMP in due time.	FEX In-charge/DM/BM																															
Export	EXP issued by the branch with valid ERC/ other related papers and documents.	Dealing officer/s Name & Design																															
		FEX In-charge/DM/BM																															
	Exp register properly filled by the branch.	Dealing officer/s Name & Design																															
		FEX In-charge/DM/BM																															
	Clean export documents purchased.	Dealing officer/s Name & Design																															
		FEX In-charge/DM/BM																															
	Submission of 2nd copy of	Dealing officer/s Name & Design																															

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	EXP form to Bangladesh bank within 14 days from the date of shipment / submission of 3rd copy of Exp form to Bangladesh Bank within the month of proceed realized against Exp.	FEX In-charge/DM/BM																															
	Reporting to Bangladesh Bank against un-realized Export Proceeds over than 120 days.	Dealing officer/s Name & Design																															
		FEX In-charge/DM/BM																															
	Compliance of other terms and conditions as stipulated in CHO sanction letter.	Dealing officer/s Name & Design																															
		FEX In-charge/DM/BM																															
Foreign Remittance	Foreign remittance	Dealing officer/s Name & Design																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	realized and credited to the respective account under dual control upon complying relevant rules and regulation of the bank.	In-charge/ DM/BM																															
	Make payment all Foreign Remittance (Inward Remittance) with F.C account by complying all applicable rules and regulations of the bank.	Dealing officer/s Name & Design																															
		In-charge/ DM/BM																															
	Encashment Certificate issued against foreign remittance as per client request upon complying relevant rules and regulation of the bank.	Dealing officer/s Name & Design																															
		In-charge/ DM/BM																															
		Issue miscellaneous	Dealing officer/s Name & Design																														

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
	outward remittance under dual control upon complying relevant rules and regulation of the bank.	In-charge/ DM/BM																															
Others	Correspondent via SWIFT with Foreign correspondence for miscellaneous Purpose.	Dealing officer/s Name & Design																															
		In-charge/ DM/BM																															
	Open & maintain Foreign Currency A/c & ERQ A/c upon complying relevant rules and regulation of the bank.	Dealing officer/s Name & Design																															
		In-charge/ DM/BM																															
	Settle International Credit Card Bill in due time upon complying relevant rules and regulation of the bank.	Dealing officer/s Name & Design																															
		In-charge/ DM/BM																															
	Cash Dollar endorsement &	Dealing officer/s Name & Design																															

..... BANK LIMITED

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "DAILY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Initial																															
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
	prepare TM form to report BB under dual control upon complying relevant rules and regulation of the bank.	In-charge/ DM/BM																																
	Open and maintain student file upon complying relevant rules and regulation of the bank.	Dealing officer/s Name & Design																																
		In-charge/ DM/BM																																
	Prepare L/C Operational Check List (if any open)	Dealing officer/s Name & Design																																
		In-charge/ DM/BM																																

Note: According to the nature of activities of the branches and offices of the bank the DCFCLs may be customized.

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "WEEKLY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	1st WEEK		2nd WEEK		3rd WEEK		4th WEEK		5th WEEK	
			Initial	Date	Initial	Date	Initial	Date	Initial	Date	Initial	Date
Overall Cleanliness of the branch premises	Ensure proper cleanliness of the branch premises as per CHO instructions.	Branch Manager										
Attendance of the branch employees	Ensure timely attendance of all employees of the branch.	Branch Manager										
Safety , Security measures and premises protection	Ensure 24 hours duty of security guard.	Branch Manager/ Manager Branch Operation										
	Ensure duty of Gun man during office hour.											
	Ensure CC TV coverage for 24 hours.											
	Ensure adequate Fire Extinguisher in branch premises.											
	Ensure generator back up during office hour.											
	Testing of security alarm of the branch.											
	Ensure adequate smoke detector in branch premises.											
	Quarterly checking of electrical wires of the branch by qualified electrician.											
	Checking of duty of security guard by the branch officials during holiday.											
	Emergency contact number i.e. Police station, Fire station, RAB, Hospital etc. are available in branch.											
Compliance of CHO Instructions	Ensure full compliance of Bank Dress code for the employees of the bank.	Branch Manager/ Manager Branch										

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "WEEKLY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	1st WEEK		2nd WEEK		3rd WEEK		4th WEEK		5th WEEK	
			Initial	Date	Initial	Date	Initial	Date	Initial	Date	Initial	Date
	Ensure full compliance of Bank Compliance Manual.	Operation										
	Ensure full compliance of Bank Winning (Etiquette and Service Excellence guideline for employees).											
	Ensure full compliance of Bank Code of Conduct.											
	Ensure full compliance of Customer Acceptance Policy.											
	Ensure full compliance of Bank Anti Harassment Policy.											
Compliance of Regulatory Instructions	Checking the validity of Bank's License.	Branch Manager/ Manager Branch operation										
	Checking the validity of all insurance policy of the branch.											
	Compliance of Bangladesh Bank, Internal and External Audit and Inspection Report.											
	Notice regarding receiving and exchanging of torn & soiled notes.											
	Notice regarding forged notes.											
	Display notice regarding cheque returns for insufficient fund.											
	Display leaflets containing the salient points of AML and CFT.											
	Display up -to date financial statements with highlights.											
	Display bank's interest rates on various deposit and lending products.											
	Maintain complaint box in a visible place											

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "WEEKLY"

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	1st WEEK		2nd WEEK		3rd WEEK		4th WEEK		5th WEEK	
			Initial	Date	Initial	Date	Initial	Date	Initial	Date	Initial	Date
	Display up to date schedule of charges of the bank.											
Account opening activities	Opening of various deposit accounts by following applicable rules and regulations, preserving the same and loading information in Flora System with due approval of Branch Manager.	Branch Manager										
	Contact Point Verification (CPV) to be done as per CHO instructions.	Branch Manager										
Locker Account	Realization of security deposit, locker rent and insurance premium as per CHO instructions.	GB In-charge/DM/BM										
Bills and Remittance	Balancing the leaf of security blocks on regularly basis.	GB In-charge/DM/BM										
Reconciliation	Reconciliation of online GL transaction with other branches and CHO has been done upon complying relevant policy and procedure of the bank.	GB In-charge/DM/BM										
	Reconciliation of balance of deposit account maintained with other bank.	GB In-charge/DM/BM										
Outward bill for collection (OBC)	Inform return information of instruments (if any) to the client.	GB In-charge/DM/BM										
Reports/ Returns /Statements	Ensure submission of weekly reports to CHO and regulatory bodies and preserved in the file.	Branch Manager										

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - **"WEEKLY"**

FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	1st WEEK		2nd WEEK		3rd WEEK		4th WEEK		5th WEEK	
			Initial	Date	Initial	Date	Initial	Date	Initial	Date	Initial	Date
Credit Operations	1.CIB reporting 2. Execution required papers and documents as per CHO sanction. 3. Maintain safe-in and safe-out register under dual control. 4. Maintain due date diary for insurance and SRO token of the branch.	Branch Manager										
Monitoring, follow up and supervision	1. Follow up the overdue and NPL loans regularly. 2. Monitoring, supervision and follow up of all court cases (if any). 3. Ensure timely renewal of loans. 4. Rescheduling of classified loan accounts (if any) as per BRPD circular of BB. 5. Prepare of CL Statements as per BRPD circular of BB.	Branch Manager										
Returns , statements and reporting	Prepare weekly returns as per CHO and B. Bank guidelines.	Credit In-charge /BM										

Note: According to the nature of activities of the branches and offices of the bank the DCFCLs may be customized.

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "MONTHLY" FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Date of Checking	Initial
Overall Cleanliness of the branch premises	Ensure proper cleanliness of the branch premises as per CHO instructions.	Branch Manager		
Attendance of the branch employees	Ensure timely attendance of all employees of the branch.	Branch Manager		
Safety , Security measures and premises protection	Ensure 24 hours duty of security guard.	Branch Manager/ Manager Branch Operation		
	Ensure duty of Gun man during office hour.			
	Ensure CC TV coverage for 24 hours.			
	Ensure adequate Fire Extinguisher in branch premises.			
	Ensure generator back up during office hour.			
	Testing of security alarm of the branch.			
	Ensure adequate smoke detector in branch premises.			
	Quarterly checking of electrical wires of the branch by qualified electrician.			
	Checking of duty of security guard by the branch officials during holiday.			
	Emergency contact number i.e. Police station, Fire station, RAB, Hospital etc. are available in branch.			
Compliance of CHO Instructions	Ensure full compliance of Bank Dress code for the employees of the bank.	Branch Manager/ Manager Branch Operation		
	Ensure full compliance of Bank Compliance Manual.			
	Ensure full compliance of Bank Winning (Etiquette and Service Excellence guideline for employees).			
	Ensure full compliance of Bank Code of Conduct.			
	Ensure full compliance of Customer Acceptance Policy.			
	Ensure full compliance of Bank Anti Harassment Policy.			
Compliance of Regulatory Instructions	Checking the validity of Bank's License.	Branch Manager/ Manager Branch operation		
	Checking the validity of all insurance policy of the branch.			
	Compliance of Bangladesh Bank, Internal and External Audit and Inspection Report.			
	Notice regarding receiving and exchanging of torn & soiled notes.			
	Notice regarding forged notes.			
	Display notice regarding cheque returns for insufficient fund.			
	Display leaflets containing the salient points of AML and CFT.			
	Display up -to date financial statements with highlights.			
	Display bank's interest rates on various deposit and lending products.			

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "MONTHLY" FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Date of Checking	Initial
	Maintain complaint box in a visible place			
	Display up to date schedule of charges of the bank.			
Account opening activities	Opening of various deposit accounts by following applicable rules and regulations, preserving the same and loading information in Flora System with due approval of Branch Manager.	Branch Manager		
	Contact Point Verification (CPV) to be done as per CHO instructions.	Branch Manager		
Compliance of Anti Money Laundering activities	Holding of BAMLCO meeting regularly	BAMLCO		
	Review and reporting of CTR & STR and maintaining hard copy there of.	GB In-charge/DM/BM		
Cheque Books, Printing stationery and Security stationery	Physical verification of undelivered cheque books and printing and security stationery is to be done by dually.	GB In-charge/DM/BM		
Locker Account	Realization of security deposit, locker rent and insurance premium as per CHO instructions.	GB In-charge/DM/BM		
Bills and Remittance	Balancing the leaf of security blocks on regularly basis.	GB In-charge/DM/BM		
Reconciliation	Reconciliation of online GL transaction with other branches and CHO has been done upon complying relevant policy and procedure of the bank.	GB In-charge/DM/BM		
	Reconciliation of balance of deposit account maintained with other bank.	GB In-charge/DM/BM		
Activities of Accounts Department	1.Balancing of ledgers and books of accounts regularly. 2.Charging of interest, service charge and depreciation. 3.Realization of VAT and AIT as per instructions of concerned Government office. 4.Interest paid to deposit account. 5.Monthly provision made against expenses. 6.Review and reversal of contra entries. 7.Checking and review of interest product sheet.	Branch Manager		
Reports/ Returns /Statements	Ensure submission of monthly reports to CHO and regulatory bodies and preserved in the file.	Branch Manager		
Credit Operations	1.CIB reporting 2.Execution required papers and documents as per CHO sanction. 3.Maintain safe-in and safe-out register under dual control. 4.Maintain due date diary for insurance and SRO token of the branch.	Branch Manager		

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "MONTHLY" FOR THE MONTH OF:

PROCESS	FUNCTIONS	Responsibility	Date of Checking	Initial
Monitoring, follow up and supervision	1. Follow up the overdue and NPL loans regularly. 2. Monitoring, supervision and follow up of all court cases (if any). 3. Ensure timely renewal of loans. 4. Rescheduling of classified loan accounts (if any) as per BRPD circular of BB. 5. Prepare of CL Statements as per BRPD circular of BB.	Branch Manager		
Integrated Supervision System (ISS) Reporting	1. Upload ISS Reporting Format from Bangladesh Bank's Web Portal 2. Collect the relevant information for ISS Reporting and correctly fill up the fields of ISS Reporting 3. Get the report checked by the concerned officials 4. Submit the same to the Manager for confirmation and upload in the Bangladesh Bank's Web Portal on or before 10 th of the following month..	Concerned ISS Reporting Official(s)		
	1. Check the Integrated Supervision System (ISS) of the branch. 2. Deficiency, if detected report to concerned division/department of CHO. 3. Upload the Integrated Supervision System (ISS) Report to Bangladesh Bank's Web Portal and submit back-up copy (Excel Sheet) to Group ICC within 10 th of the following month.	Branch Manager		
Returns , statements and reporting	Prepare monthly returns as per CHO and B. Bank guidelines.	Credit In-charge /BM		

Note: According to the nature of activities of the branches and offices of the bank the DCFCLs may be customized.

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "QUARTERLY"

FOR THE QUARTER ENDED ON:

PROCESS	FUNCTIONS	Responsibility	1 st quarter		2 nd quarter		3rd quarter		4th quarter	
			Date	Initial	Date	Initial	Date	Initial	Date	Initial
Overall Cleanliness of the branch premises	Ensure proper cleanliness of the branch premises as per CHO instructions.	Branch Manager								
Attendance of the branch employees	Ensure timely attendance of all employees of the branch.	Branch Manager								
Safety , Security measures and premises protection	Ensure 24 hours duty of security guard.	Branch Manager/ Manager Branch Operation								
	Ensure duty of Gun man during office hour.									
	Ensure CC TV coverage for 24 hours.									
	Ensure adequate Fire Extinguisher in branch premises.									
	Ensure generator back up during office hour.									
	Testing of security alarm of the branch.									
	Ensure adequate smoke detector in branch premises.									
	Quarterly checking of electrical wires of the branch by qualified electrician.									
	Checking of duty of security guard by the branch officials during holiday.									
	Emergency contact number i.e. Police station, Fire station, RAB, Hospital etc. are available in branch.									
Compliance of CHO Instructions	Ensure full compliance of Bank Dress code for the employees of the bank.	Branch Manager/ Manager Branch								

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "QUARTERLY"

FOR THE QUARTER ENDED ON:

PROCESS	FUNCTIONS	Responsibility	1 st quarter		2 nd quarter		3rd quarter		4th quarter	
			Date	Initial	Date	Initial	Date	Initial	Date	Initial
	Ensure full compliance of Bank Compliance Manual.	Operation								
	Ensure full compliance of Bank Winning (Etiquette and Service Excellence guideline for employees).									
	Ensure full compliance of Bank Code of Conduct.									
	Ensure full compliance of Customer Acceptance Policy.									
	Ensure full compliance of Bank Anti Harassment Policy.									
Compliance of Regulatory Instructions	Checking the validity of Bank's License.	Branch Manager/ Manager Branch operation								
	Checking the validity of all insurance policy of the branch.									
	Compliance of Bangladesh Bank, Internal and External Audit and Inspection Report.									
	Notice regarding receiving and exchanging of torn & soiled notes.									
	Notice regarding forged notes.									
	Display notice regarding cheque returns for insufficient fund.									
	Display leaflets containing the salient points of AML and CFT.									
	Display up -to date financial statements with highlights.									
	Display bank's interest rates on various deposit and lending products.									
	Maintain complaint box in a visible place									

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "QUARTERLY"

FOR THE QUARTER ENDED ON:

PROCESS	FUNCTIONS	Responsibility	1 st quarter		2 nd quarter		3rd quarter		4th quarter	
			Date	Initial	Date	Initial	Date	Initial	Date	Initial
	Display up to date schedule of charges of the bank.									
Account opening activities	Opening of various deposit accounts by following applicable rules and regulations, preserving the same and loading information in Flora System with due approval of Branch Manager.	Branch Manager								
	Contact Point Verification (CPV) to be done as per CHO instructions.	Branch Manager								
Reconciliation	Reconciliation of online GL transaction with other branches and CHO has been done upon complying relevant policy and procedure of the bank.	GB In-charge/DM/BM								
	Reconciliation of balance of deposit account maintained with other bank.	GB In-charge/DM/BM								
Reports/ Returns /Statements	Ensure submission of quarterly reports to CHO and Regulatory bodies and preserved in the file.	Branch Manager								
Credit Operations	1.CIB reporting 2.Execution required papers and documents as per CHO sanction. 3.Maintain safe-in and safe-out register under dual control. 4.Maintain due date diary for insurance and SRO token of the branch.	Branch Manager								

..... **BANK LIMITED**

Annexure-E

Branch Name:.....

DEPARTMENTAL CONTROL FUNCTION CHECKLIST (DCFCL) - "QUARTERLY"

FOR THE QUARTER ENDED ON:

PROCESS	FUNCTIONS	Responsibility	1 st quarter		2 nd quarter		3rd quarter		4th quarter	
			Date	Initial	Date	Initial	Date	Initial	Date	Initial
Monitoring, follow up and supervision	1.Follow up the overdue and NPL loans regularly. 2.Monitoring, supervision and follow up of all court cases (if any). 3.Ensure timely renewal of loans. 4.Rescheduling of classified loan accounts (if any) as per BRPD circular of BB. 5.Prepare of CL Statements as per BRPD circular of BB.	Branch Manager								
Self Assessment of Anti- Fraud Internal Control	1. Check the internal control system of the branch. 2. Deficiency, if detected report to concerned division/department of CHO. 3. Submit Self Assessment of Anti-Fraud Internal Control Report to Group ICC within 10 th of the months of the quarter ended.	Branch Manager								
Returns , statements and reporting	Prepare periodic returns as per CHO and B. Bank guidelines i.e. Quarterly CIB, CL & CIB reconciliation, Industrial Term Loan Statement, quarterly SME statement, quarterly Agro based Industry statement, CL returns, MCR under BASEL II, etc.	Credit In-charge /BM								

Note: According to the nature of activities of the branches and offices of the bank the DCFCLs may be customized.

Quarterly Operations Report
For the quarter ended on

REF. :
DATE :
FROM : Branch Manager
TO : The Head of Operations.
COPY : Head of Internal Control & Compliance

POLICIES, PROCEDURES AND CONTROLS

1. Regulatory Compliance:

1.1 Bangladesh Bank Inspection:

The Branch was last inspected by the Bangladesh Bank on

We confirm that adequate corrective actions have been initiated to remove the deficiencies other than the following papers of their Inspection Report.

Audit Paras Number	Target Date of Rectification	Revised Target Date (If applicable)

1.2 Other than BB:

We confirm that regulatory requirements as outlined by other than BB have been complied with except the following(s):

Audit Paras Number	Target Date of Rectification	Revised Target Date (If applicable)

2. Internal Control:

The Branch's operational functions were also last audited by the Audit & Inspection Team of Internal Control & Compliance Unit on..... We confirm that adequate corrective actions have been initiated to remove the deficiencies other than the following paras of the report.

Audit Paras Number	Target Date of Rectification	Revised Target Date (If applicable)

3. Closed Circuit Television (CCTV): (This para will be used if branches are having CCTV's at their premises)

We confirm that operations and recording of day's activities in CCTV installed in the branches and ATM's where applicable have been checked regularly. The recorded cassettes are being controlled as per instructions from the HO office.

4. **Computer Access:** (if available)

- a. We confirm that a full review of "Access Levels" is made to ensure that no conflicts exist and no official is holding both IDs to input transactions and Authorise such transactions.
- b. We also confirm that Administrator Passwords are held in dual custody and the both custodians review the Administrator Journal Report and the Audit Trail Report (which reports all user access maintenance) and investigate all activities on a daily basis.

5. **Customer Services Standards:**

The Customer Services Standards of all departments have been checked and documented as per guidelines from Head Office. The shortfalls detected during the last quarter have been/will be removed within the target set.

6. **Departmental Control Functions Check Lists:**

- a. The DCFCLs were completed and documented as per Head Office Guidelines by the concerned departments which are being/have been verified by the designated independent officials on _____
- b. We confirm that no shortfalls have been identified by the Independent Reviewer and/or the shortfalls identified by him/her are being rectified and will be completed by _____ under advice to Head of Compliance.

7. **Internal Checks:**

We confirm that all Internal Checks as per Head Office Guidelines applicable to us are being undertaken by the Independent officials designated in writing. All papers and the reviewer's certificates are retained under the control of the Unit Head/Branch Manager/Designated official for future review by the Bangladesh Bank Inspection Team/ Internal Control Team.

8. **Loan Security Documentations:**

We confirm that a copy of the "Loan Documentation Checklist" for all Loans/Advances is being sent to the Internal Control Team, Head office for review. Exceptions/discrepancies in documentations are being regularized within targets dates provided in the Checklist.

9. **Treasury/ID Operations:**

We confirm that all required processes related to Treasury Operations/ID (e.g. LC Opening, Export-Import Documentation, Foreign Remittance Documentation etc.) have been duly completed by the designated officer(s). All papers/documents are retained under the control of the Unit Head/Branch Manager/Designated official for future review by the Bangladesh Bank Inspection Team/ Internal Control Team.

10. **Complaints:**

We confirm that complaint letters received from Customers were dealt with in terms of Head office guidelines. All complaints in the form of statement including pending complaints of previous quarter have been forwarded to Complaint Cell at Head Office for their review.

11. **Recovery of Costs:**

We confirm that the costs of telex/swift/telegrams/telephone/fax and other charges have been recovered from the Customers/Correspondents where applicable and credited to the appropriate Recoveries Accounts under Expenses Head.

11. **Frauds, Forgeries & Operating Losses:**

Following transaction(s) involving Frauds/Forgeries/Other Operating Losses has/have been detected during the quarter ended on _____ and reported to Head Office / Bangladesh Bank / Internal Control unit.

12. **Returns:**

We confirm that returns to Head Office / Bangladesh Bank including those under Calendar of Returns have been submitted within the schedule dates except the following:

Title of Return	Due Date	Reasons for Delay	Sent on

13. **Legal:**

We confirm that legal matters are being monitored by us as per Head Office / Internal Control Units. Return for this quarter has been submitted to Internal Control department on

14. **Communications:**

Following meetings were held during this quarter to improve communication among the members of Officer/Staff. We enclose a copy of the minutes of the meetings held for information and record.

Date & Time	Subject of discussions or Agenda in brief	Suggestions/Outcome/ Recommendations

15. **Fixed Assets:**

We confirm that:

- All items of Fixed Assets deployed to the branch have been included in the respective departmental lists and physical check of all departmental Fixed Assets has been undertaken and verified with the departmental inventories.
- The entries passed through Profit and Loss A/c in respect of sale of Fixed Assets for the half year ended have been reviewed to ensure that no entry is outstanding in the books .
- Returns as on showing the Fixed Assets sold during the quarter have been prepared & reviewed for tax purposes.
- Fixed Assets of the Branch as onhave been physically checked by the independent officers designated by Internal Control Division.

PROTECTION OF VALUABLES1. **Change of Keys:**

We confirm that the Key Register is being maintained as per prescribed procedure and keys were lastly changed with the duplicates on _____

2. **Safe Custody:**

We confirm that Safe Custody items are being maintained under dual custody and the last complete independent physical verification of Safe Custody items as per Head Office instruction was undertaken on _____. We enclose a copy of the certificate received from the designated reviewer(s).

_____ CUSTODIAN(S)

3. Safe Deposit Lockers: (Applicable to the branches where lockers are installed)

We confirm that keys to unrented lockers are kept in sealed envelopes under dual control and spare locks and surrendered keys pending change of locks and keys are controlled by two independent custodians who have no access to locker custodian's key(s)

We also confirm that Semi-Annual and Annual Internal Checks are conducted at the prescribed frequencies and by the independent designated officials.

_____ CUSTODIAN – 1

_____ CUSTODIAN – 2

4. Controlled/Security Stationery:

All Controlled Stationery are being kept under dual custody and Bulk/Working Stocks are being verified as per instructions from Head Office.

5. Test Keys:

TEST KEYS/ CODE BOOKS are being maintained as per requirements.

6. Signature Books:

All signature books of branches & correspondent banks are being maintained as per requirements.

7. CASH/TC/SPS ETC. :

Cash(LC & FC)/TCs/Prize Bonds / Foreign Monies / Sanchaya Patras / Wage Earners' Development Bonds are being dealt with as per requirements – Physical verifications also being carried out at the frequencies prescribed.

COMPUTER AND SOFTWARE MAINTENANCE

1. **Computers:** Physically checked and found in order. If there is anything to report should be prescribed.
2. **Software Maintenance:** Checked through system for any deviation.
3. **Computer Logs and others:** Checked as described in the ICT Guideline of the Bank.

PROOFS/ VERIFICATIONS

1. All accounts in GL/ Subsidiary ledger were proved and verified during the quarter except the following accounts.

Title of GL/ GSL Account	Difference Amount	Date Last Reconciled	Target Date/ Date Reconciled

We confirm that all outstanding entries in General Suspense (Assets & Liabilities) are being followed up for early liquidation. We enclose the statements of General Suspense Accounts as on..... for your perusal.

2. Difference Accounts:

We enclose a summary showing the outstanding in Difference Accounts. The entries relating to differences are being investigated. All unresolved entries will be adjusted in terms of approval of Head Office.

PERSONNEL & SUPERVISION

1. Following transfers/movements were affected during the quarter (both Officers and Non-officers).

Name	From (Dept.)	Period worked In this department	Transferred To (Dept.).	W.E.F. (Date)

LEAVE PROGRAMMES

1. Officers/staff are being granted leave as per annual leave programme. (Exception are given below):

Name	Category of Staff	Numbers of days accumulated

2. Arrangements have been made to allow all employees including Management Staff to avail of 15 days uninterrupted leave or half of annual leave entitlement, whichever is the lesser in terms of service rules.

TRAINING PROGRAMME

Following Officers / staff are undergoing training / have undergone training during the quarter

Name of Participant	Name of Training Course	Duration of Course	Course Conducted by

PREMISES MANAGEMENT

1. Fire/Safety Standards:

- a) Following items have been checked during the quarter ended March/June/September/December _____.

Fire/Safety Procedure Ref:

Standard Achieved/Shortfalls detected

i)

ii)

iii)

iv)

- b. Half-yearly Self Audit of Fire/Safety Standards was undertaken and the return submitted to you for the period ended by a separate letter on

- c. We confirm that:

- i) Fire Drill was carried out half-yearly on and in terms of Emergency Evacuation Standards of Fire / Safety procedures.
- ii) Security Drill was carried out regarding Audible Tellers Counter Alarm Protective System and documented.
- iii) Recording of the arrival and departure time of all personnel occupying the premises outside working hours and after banking hours are being documented/reviewed on the Registers maintained for these purposes.
- a. All electric wiring were checked by M/s on and certificates obtained and kept in file for future audit / inspection. We enclose a copy of the certificate for our record.
- b. The premises were inspected on holidays by the officers on rotation. Immediate action was taken on shortfalls detected through the checklist maintained which is retained after taking appropriate action as applicable for future audit/inspection.

Confirmation on Regulatory Compliance

1. Regulatory Compliance:

We confirm that regulatory requirements in Bangladesh as outlined by Bangladesh Bank / other Govt Body have been complied with except the following:

Sl. No	Subject of Regulatory Compliance	Legislation	Reasons for Non-Compliance	Compliance Risk	Remarks

Existing IT System Security

IT System Utilization and Operation Capacity

Payment System Security Monitoring (ATM & Mobile Banking)

Inclusion Banking Monitoring (SME, Female Entrepreneurship and Green Banking related compliance monitoring)

Branch Anti Money Laundering Reporting

Investment Monitoring Report

CL Checking

.....
 Authorized Signature
 (Name, Signature & Seal)

.....
 Branch Manager
 (Name, Signature & Seal)

..... Bank Limited

----- Branch

LOAN DOCUMENTATION CHECKLIST

BORROWER:	
REGISTERED ADDRESS:	

STATUS: Individual / Proprietorship / Partnership / Limited Company A/c No.

First obtain General Documents; then identify the Collateral, Facility and obtain specific documents listed hereunder. Leave out documents not called for by the terms of the Credit Approval and Facilities Advice Letter (Sanction Letter).

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
A.	GENERAL DOCUMENTS						
1.	Letter of Borrower requesting for new facilities / renewal in business pad of the client						
2.	Authority of Borrow to Borrower (Letter of authority from partners in case of partnership concern and resolution in case of limited company) – with list of Partners/Directors						
3.	Form XII certified by RJSC regarding list of existing Directors for limited company						
4.	Facilities Advice Letter: accepted unconditionally by Borrower						
5.	Demand Promissory Note						
6.	Letter of Continuity						
7.	Deed of Partnership (for Partnerships; Borrower / third party), By-Laws etc.						
8.	Memorandum and Articles of Association (for limited company Borrower / third party) with Certificate of Incorporation						
9.	Letter of Arrangement						
10.	Letter of Disbursement						
11.	Revival Letter (Form I & II)						
12.	Double Party D. P. Note (for Guarantor and 3rd Party Mortgagor)						
13.	D. P. Note (Joint & Several for Limited Company/ Partnership Firm)						
14.	Balance Confirmation Letter (Signature duly verified)						
15.	Personal Net Worth Statement						

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
16	Copy of National ID						
17	Photograph of Investment Client						
18	Up to date CIB Report						
19	Credit Report of the Investment Client/Supplier						
20	Liability Declaration of the Investment Client along with an Undertaking that they have no liability with any bank or financial institution excepting as declared						
21	Undertaking stating that, they will not avail any credit facility from any other bank or financial institution without prior consent of the bank						
22	Undertaking stating that customer does not have any relationship as Director or Sponsor with the bank						
23	Undertaking stating that customer shall not sell or transfer the ownership of the business /factory/shop until bank dues are fully paid or without NOC of the bank						
24	Investment Risk Grading Score Sheet(IRGS)(where applicable)						
25	Post-dated cheque covering the Investment						
26	Proper Stamping						
B.	LIEN						
	LIEN OF ACCOUNT						
1.	Resolution to lien account proceeds (for Third Party partnerships and limited cos.)						
2.	Letter of Lien and Set- Off (Pledge Agreement)						
	LIEN ON FINANCIAL INSTRUMENT LIKE FDR, ETC						
1	The Instrument duly discharged on the back of it.						
2	Letter of lien (1st Part Lien if the borrower is the owner of the Instrument, 3rd Party Lien if the owner of the Instrument is one other than Borrower)						
3	Letter of Authority to encash the instrument as & when needed by the bank						
4	Confirmation of Lien (Marking of Lien) from the issuing bank						
	LIEN ON DEMAND STOCK/SHARES						
1	NOC of the Company in case of Sponsor's Share						
2	Confiscate Request Form duly signed by the pledgor						
3	Pledge Request Form duly signed by the holder of the share						

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
4	Pledge setup Acknowledge from Brokerage house						
5	CDBL generated copy of Pledge Setup						
C.	PLEDGE OF DEPOSITS/S. PATRA						
1.	Resolution to deposit (for Third Party partnerships and limited company)						
2.	Fixed Deposit Receipts / Sanchaya Patra / Bonds endorsed by holder(s)						
3.	Letter of Guarantee by depositor (if the deposit stands in the name of Third Party)						
4.	Letter of Lien and Set Off (Pledge Agreement)						
5.	Letter of Authority for encashment of Sanchaya Patra/ Fixed Deposits						
D.	PLEDGE OF SHARES						
1.	Resolution to deposit (for Third Party partnerships and limited company)						
2.	Share certificates						
3.	Blank transfer forms for each share certificate (Form 117)						
4.	Memorandum of Deposit of Shares						
5.	Letter of Guarantee by the shareholder (if the share stands in the name of person other than borrower)						
6.	Irrevocable letter of authority for collection of dividends, bonus etc. addressed by the shareholder to the relative company.						
7.	Notice of pledge by the shareholder to the relative companies.						
E.	PLEDGE OF INVENTORY						
1.	Letter of Pledge / Pledge Agreement						
2.	Letter of Disclaimer (if required)						
3.	RJSC Search Report (for limited company partnerships; Borrower / third party)						
4.	RJSC Form 18, and receipt of filing with RJSC						
5.	Certificate of registration from RJSC						
6.	Modification of Letter of Pledge / Pledge Agreement of Inventory						

Sl. No	DESCRIPTION	REQD . (h)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
7.	RJSC Form 19, and receipt of filing with RJSC						
8.	Insurance Policy with Bank as jointly insured						
E1	CC (Pledge) Bai-Murabaha/ MPI						
1	Letter of Pledge						
2	IGPA to sale Pledged goods						
3	Letter of Continuity						
4	Periodical Stock Report						
5	Letter of Disclaimer form the owner of rented Warehouse						
E2	PLEDGE OF GOODS IN TRADE						
1	Letter of Pledge						
2	IGPA to sell pledged goods						
3	Letter of Disclaimer form the owner of rented Warehouse						
F.	HYPOTHECATION OF INVENTORY						
1.	Resolution to hypothecate inventory (for Third Party partnerships and limited cos.)						
2.	Letter of Hypothecation of Inventory / Hypothecation Agreement						
3.	RJSC Search Report (for limited company. partnerships; borrower/third party)						
4.	RJSC Form 18, and receipt of filing with RJSC						
5.	Certificate of registration from RJSC						
6.	Modification of Letter of Hypothecation of Inventory						
7.	RJSC Form 19, and receipt of filing with RJSC						
8.	Insurance Policy - jointly insured						
G.	CC (HYPO) (Bai-Muaijal/Bai-Murabaha/MPI)						
1	Letter of Hypothecation of stock in Trade						
2	Supplementary Letter of Hypothecation						
3	IGPA to sale Hypothecated goods						
4	Letter of Continuity						

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
5	Periodical Stock Report						
6	Letter of Disclaimer form the owner of rented Warehouse						
7	Insurance Policy with cover note						
H.	HYPOTHECATION OF RECEIVABLES/BOOK DEBTS						
1.	Resolution to hypothecate receivables / book debts (for Third Party partnerships and limited company)						
2.	Letter of Hypothecation of Receivables / Book Debts (Hypothecation Agreement)						
3.	RJSC Search Report (for limited company/registered partnerships; borrower/third party)						
4.	RJSC Form 18, and receipt of filing with RJSC						
5.	Certificate of registration from RJSC						
6.	Modification of Letter of Hypothecation of Receivables						
7.	RJSC Form 19, and receipt of filing with RJSC						
I.	HYPOTHECATION OF MACHINERY AND EQUIPMENT						
1.	Resolution to hypothecate inventory (for Third Party partnerships and limited cos.)						
2.	Letter of Hypothecation of Machinery and Equipment / Hypothecation Agreement						
3.	RJSC Search Report (for limited company. partnerships; borrower/third party)						
4.	RJSC Form 18, and receipt of filing with RJSC						
5.	Certificate of registration from RJSC						
6.	Modification of Letter of Hypothecation of Machinery & Equipment						
7.	RJSC Form 19, and receipt of filing with RJSC						
8.	Latest list of machinery & equipment						
9.	Insurance Policy with EBL as jointly insured						
J.	ASSIGNMENT						
	ASSIGNMENT OF RECEIVABLES						

Sl. No	DESCRIPTION	REQD . (✓)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
1.	Resolution to assign receivables (for Third Party partnerships and limited cos.)						
2.	Deed of Assignment of receivables						
3.	Notification and acknowledgement of assignment and confirmation of receivables from the debtor						
	ASSIGNMENT OF BILL						
1	Assignment of bill by the beneficiary through IGPA						
2	Letter of Acceptance of Assignment by the work giving authority						
3	Original Work Order						
J1	HYPOTHECATION OF STOCK/RECEIVABLES						
1	Letter of Hypothecation						
2	IGPA to sell Hypothecated goods						
3	Letter of Disclaimer form the owner of rented Warehouse						
J2	TRUST RECEIPT						
1	Trust Receipt Agreement						
2	Insurance Policy Cover Note						
K.	MORTGAGE						
1.	Letter of nomination of third party mortgagor from Borrower with attested specimen signature of mortgagor						
2.	Resolution to mortgage and guarantee (for Third Party partnerships and limited company)						
3.	Copy of valid ID (for Third Party individual mortgagor)						
4.	Personal Guarantee from Third Party mortgagor						
5.	Original title deeds of mortgagor and previous owners (Bia- Deed)						
6.	Record of Rights i.e. CS, SA, RS Parcha, Mohanagar Jorip parcha (if within Mohannagar Area)						
7.	Mutation Parchas in mortgagor's name, certified by Assistant Commissioner of Land						
8.	Certified Mutation Khatian alongwith DCR						
9.	NOC of the competent Authority for Mortgage						
10.	Land development tax receipts of the immediately preceding Bangali year						

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
11.	Municipal holding tax receipts for property in municipalities						
12.	Building/factory plan with letter of approval						
13.	Real Estate Appraisal / Valuation report						
14.	RJSC Search Report (for limited company/registered partnerships; borrower/third party)						
15.	Memorandum of deposit of title deeds (for equitable mortgages) with legal counsel's approved draft.						
16.	Mortgage Deed and registration receipt endorsed by mortgagor (for legal/Registered mortgage) along with Power of Attorney						
17.	RJSC Form 18, and receipt of filing with RJSC if property in the name of ltd cos.						
18.	Certificate of registration from RJSC						
19.	Modification of Memorandum of deposit of title deeds						
20.	RJSC Form 19, and receipt of filing with RJSC						
21.	Income Tax Clearance Certificate as required for Registration						
22.	Non Encumbrance Certificate from Land Registrar						
23	Certified copy of Purchase Deed along with Deed Delivery receipt duly endorsed (in absence of original Title Deed)						
24	Registered Partition Deed among the Co-owners (if required)						
25	Mortgage Deed duly Registered along with Registration Receipt duly discharged.						
26	Registered IGPA favoring Bank to sale the property						
27	B.S. Khatian						
28	Up to date Union Parishad Tax Payment Receipt (if property within UP)						
29	Original Lease Deed (in case of Lease hold property)						
30	Allotment Letter favoring Lessee (in case of Leasehold Property)						
31	Mutation letter favoring Lessee (in case of Leasehold Property)						
32	NEC along with search fee paid receipt						
33	Deed of Further Charge on the Mortgage property						
34	Redemption Deed executed by immediate past Mortgagee Bank						

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
35	Letter of Consent of the 1st Mortgage Bank in case of 2nd charge/mortgage & also pari passu security sharing agreement between 1st Mortgage Bank and the Mortgagee, if applicable subject to consent of 1st Mortgage Bank						
36	Photograph of the Mortgaged Property						
37	Location Map						
38	Survey Report from professional Surveyors						
39	Physical Visit Report by Bank Officials						
40	Lawyer's clean opinion in respect of acceptability of the property as collateral security						
L.	GUARANTEE						
1.	List of Directors/Partners with specimen signatures, certified by company secretary or chairman, or managing partner (for limited company and partnerships)						
2.	Resolution to guarantee (for limited company and partnerships)						
3.	Net Worth Statements (NWS) for individuals/guarantors						
4.	Letter of Guarantee						
5.	Letter of Counter Indemnity						
6	Letter of Guarantee of the Spouse of the Client						
M.	TERM LOAN AGREEMENT / HPSM						
1.	Term loan agreement between Borrower and Bank						
2.	Draft Term Loan Agreement approved by Head of Credit Risk Management Division and Legal Counsel.						
3	Letter of Undertaking						
4	Amortization Schedule						
5	Insurance policy cover note						
N.	SECURITY SHARING AGREEMENT						
1.	Security Sharing Agreement						
2.	Draft Security Sharing Agreement approved by Head of Credit Risk Management Division and Legal Counsel.						
O.	SYNDICATION						
1.	Accepted Mandate Letter						

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
2.	Accepted Term Sheet						
3.	Information Memorandum						
4.	Participation letters						
5.	Facilities Agreement						
6.	Powers of Attorney of participants						
7.	Accepted Fee Letter						
8.	Legal counsel's opinion						
9.	Creation of Pari-passu Sharing charge with RJSC						
10	Escrow Account Agreement with floating charge						
11	Subordination Agreement						
P.	OVERGRAFT (GENERAL)						
1	Letter of Continuity						
2	Insurance Policy cover note						
Q.	SOD (Work Order) Investment against Work Order						
1	Bid Document/Tender Notice						
2	Letter of Awarding						
3	Assignment of Bills against work order						
R.	SOD (FO) Investment against Financial Obligation						
1	The Financial Instrument duly discharged on the Back						
2	Lien on the Financial Instrument						
3	Letter of continuity						
4	Re-confirmation of Lien marking through concerned Bank's/Financial Institution's (FI) Head Office/Zonal Office if the lien marked MTDR/FDR/Financial Instrument is issued by Other Bank/FI						
S.	SOD (Scheme Deposit) Investment against Deposit Scheme						
1	Lien on Scheme Deposit						
2	Letter of Continuity						
T.	Home Loan for Purchase of Flat or Floor Space Investment under HIP						
1	Power of attorney for developing the property						
2	Letter of Installment						

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
3	Letter of Undertaking						
4	Amortization Schedule						
5	Tripartite Agreement among Purchaser, Developer and Bank (if under construction)						
6	Undertaking of the borrower to the effect that he will mortgage the flat/floor space favoring the Bank at the moment the same is registered in his name by the seller (if under construction)						
7	Agreement between Land Owner & Developer						
8	Sharing Agreement between Land Owner & Developer						
9	Copy of approved plan of construction from concerned authority						
U.	SME/Small Loan						
1	As per type of borrower & nature of security						
V.	Lease Finance						
1	Lease Agreement						
2	Lease Execution Certificate						
3	Quotation/Price offer duly accepted by borrower						
4	BRTA Registration Slip (in case of Motor Vehicle)						
5	Insurance Policy cover note						
W.	Hire Purchase Loan						
1	Hire Purchase Agreement						
2	Quotation/Price offer duly accepted by borrower						
3	BRTA Registration Slip (in case of Motor Vehicle)						
4	IGPA in Bank's favor for disposal of vehicle/vessel without any reference						
5	Insurance Policy cover note						
X.	House Building Loan (for construction)						
1	Letter of Installment						
2	Letter of Undertaking						
3	Amortization Schedule						
4	Approved Plan form the competent authority						
Y.	House Building Loan (to Developer)						
1	Power of Attorney for development of property (original)						
2	Agreement between Land owner & Developer						

Sl. No	DESCRIPTION	REQD . (Y)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
3	Sharing Agreement between Land owner & Developer						
4	Copy of approved plan of construction from concerned authority						
5	Letter of Installment						
6	Letter of Undertaking						
7	Amortization schedule						
8	Copy of Title deed of the property on which construction will be made						
9	Copy of Bia deed (previous deed in support of Title deed)						
Z.	IDBP						
1	Acceptance of L/C issuing Bank (duly verified)						
2	Related documents for LC						
3	Letter of Indemnity						
XX	BASED ON CLIENT TYPE						
A.	Proprietorship Firm						
1	Trade License (up to date)						
2	Persona Net-Worth Statement (PNS) of Proprietor						
B.	Partnership Firm						
1	Trade License (up to date)						
2	Partnership Deed (Registered)						
3	Letter of Guarantee of the partners						
4	Personal Net-Worth Statement (PNS) of Partners						
5	Letter of Partnership						
6	Partnership Account Agreement.						
C.	Limited Company						
1	Trade License (up to date)						
2	Memorandum & Articles of Association (Certified by RJSC)						
3	List/Personal profile of the Directors						
4	Certificate of Incorporation						
5	Form XII Certified by RJSC (Particulars of Directors)						
6	Latest Form X Certified by RJSC (Distribution of Shares)						
7	Board Resolution in respect of availing Investments & execution of document with Bank						
8	Letter of Guarantee of the Directors						
9	Personal Net-Worth Statement (PNS) of Directors						

Sl. No	DESCRIPTION	REQD . (h)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
10	Deed of Mortgage & Hypothecation for creation of Charge on fixed & floating assets (existing & future) with RJSC						
11	Modification of charge with RJSC through form 19						
12	Certified copy of charge creation certificate from RJSC						
13	Undertaking stating that the Investment Client shall not make any amendment or alteration in Memorandum & Article of Association without prior approval of Bank						
14	Approval of the Bank for any inclusion or exclusion of Directors in & from the company						
15	Certificate of Commencement (in case of Public Limited Company)						
16	Joint venture Agreement (in case of Joint Venture company)						
17	BOI Permission (in case of Joint venture company)						
D.	Trust						
1	Copy of Trust Deed which must have power to do business with the Bank						
2	Resolution of the Board of Trustees to do business with Bank						
3	Clearance from WAQF Administrator for mortgage where investment client is Waqf and not a Trust. Charge documents to be executed /signed by all the Trustees or Mutwalli (s) in the case where Waqf is the investment client.						
4	Charge Documents are signed either by persons authorized by all members of the Trust Committee, if Trustees are authorized to delegate their powers by the Trust Deed or all of the Trustees						
5	Personal Guarantee of all the Office Bearers of the Trust in their personal capacity						
E.	Cooperative Society						
1	Copy of Bye-Laws of the Society certified by the Registrar of the Cooperative Societies						
2	Clearance from Registrar of Co-operative Societies for doing business with Bank						
3	Letter issued to the concerned Registrar of Co-operative Societies under Registered with A/D mail informing about Bank's allowing investment/facility to the concerned Society as per clearance accorded by him						
4	Personal Guarantee of all the Office Bearers of the Society in their personal capacity						

Sl. No	DESCRIPTION	REQD . (✓)	DATE OF DOC.	DATE RECEIVED	EXPIRY	ORIGINAL DOC LOCATED IN	TAKA AMOUNT
E.	OTHER DOCUMENTS						
1	Documentation for EEF Loan						
2	Documentation for PPP Loan						
3	Documentation for EDF						
4	Documentation for Credit Against Special Account(10tk, 100tk, school a/c)						
5	Documentation for Subsidized Credit						

DEPARTMENT/UNIT	NAME	DATE	SIGNATURE
RELATIONSHIP MANAGER:			
CREDIT ADMINISTRATION:			

ICC Guidelines সমন্বয়যোগ্য ও হালনাগাদ করণ প্রসঙ্গে।

ব্যাংক পরিদর্শন বিভাগ-৩

বিগত ২২/২/২০১৩ তারিখে ডেপুটি গভর্নর-৩ মহোদয়ের সভাপতিত্বে অনুষ্ঠিত সভায় Core Risk Management Guidelines হালনাগাদ করনের নিমিত্তে ০৬টি কোর রিস্ক এর জন্য ০৬টি এবং Non-Bank Financial Institution Operational Risk Management Guidelines প্রবর্তনের বিষয়ে অন্য একটিসহ মোট ০৭টি কমিটি গঠন করা হয়।

পরবর্তীতে ডেপুটি গভর্নর-২ মহোদয়ের ২৬/০৫/২০১৫ তারিখের অনুমোদন মোতাবেক Internal Control & Compliance Risk Management Guideline হালনাগাদ করনার্থে নিম্নরূপ কমিটি গঠিত হয়ঃ

ক্রমিক	নাম	অফিসিয়াল পদবী	বিভাগ/ব্যাংকের নাম	কমিটিতে পদবী
০১	জনাব মোঃ হুমায়ুন কবির	মহাব্যবস্থাপক	ব্যাংক পরিদর্শন বিভাগ-৩	চেয়ারম্যান
০২	জনাব মোঃ রেজাউল ইসলাম	উপ-মহাব্যবস্থাপক	ব্যাংকিং প্রবিধি ও নীতি বিভাগ	সদস্য
০৩	জনাব মোঃ ওয়ায়দুল হক	উপ-মহাব্যবস্থাপক	ব্যাংক পরিদর্শন বিভাগ-৪	সদস্য
০৪	জনাব জীবন কুমার রায়	উপ-মহাব্যবস্থাপক	ব্যাংক পরিদর্শন বিভাগ-৪	সদস্য
০৫	জনাব দীপকের ভট্টাচার্য্য	উপ-মহাব্যবস্থাপক	ব্যাংক পরিদর্শন বিভাগ-১	সদস্য সচিব
০৬	জনাব মোঃ মাহবুবউল হক	উপ-মহাব্যবস্থাপক	ব্যাংক পরিদর্শন বিভাগ-৩	সদস্য
০৭	জনাব মিজা আব্দুল মান্নান	মুদ্র-পরিচালক	ব্যাংক পরিদর্শন বিভাগ-২	সদস্য
০৮	জনাব মোঃ হাবিবুর রহমান ভূঁইয়া	উপ-ব্যবস্থাপনা পরিচালক	ইসলামী ব্যাংক বাংলাদেশ লিঃ	সদস্য
০৯	জনাব মোঃ হাফিজুর রহমান	উপ-মহাব্যবস্থাপক	অগ্রদূত ব্যাংক লিঃ	সদস্য
১০	জনাব পৌতম প্রসাদ দাস	এসইভিসি(হেড অব আইসিসি)	মিউচুয়াল ট্রাস্ট ব্যাংক লিঃ	সদস্য

কমিটি বিভিন্ন তারিখে ৩টি আনুষ্ঠানিক এবং ১২টি আনুষ্ঠানিক সভায় মিলিত হয়েছে। এছাড়া কমিটির আহ্বায়ক নিম্ন স্বাক্ষরকারী ও সদস্য জনাব জীবন কুমার রায় বহুসংখ্যক সীটিং এ একত্রিত হয়ে কাজ করেছেন।

Guidelines on Internal Control & Compliance in Banks এর প্রণীত প্রাথমিক খসড়া ১৫/০৯/২০১৫ তারিখে বাংলাদেশ ব্যাংকের ওয়েব সাইটে অবমুক্ত করে সকল স্টেকহোল্ডারের মতামত আহ্বান করা হয় এবং এ প্রেক্ষিতে প্রাপ্ত মতামত-সুপারিশসমূহ বিবেচনায় নিয়ে Guidelines এর চূড়ান্ত খসড়া প্রস্তুত করা হয়েছে। অন্যান্যদের থেকে প্রাপ্ত মতামতসহ রেনিসেডেট সুপারিশন কনসালটেন্ট জনাব Glenn Tasky এর পরামর্শ/মতামত বিশেষ বিবেচনায় নিয়ে গাইডলাইনটি বিভিন্ন অংশ সংশোধন, সংযোজন ও পরিমার্জন করা হয়েছে। ব্যাংক কোম্পানী আইন-১৯৯১ এর ১৫(গ) ধারা মোতাবেক আইসিসিকে ব্যাংক ব্যবস্থাপনার অঘাতিত হস্তক্ষেপ থেকে মুক্ত হয়ে স্বাধীনভাবে কাজ করার বিধান সংযোজন করা হয়েছে। জনাব Glenn এর পরামর্শের ভিত্তিতে Internal Control Objective এ Committee of Sponsoring Organisations of the Treadway Commission(COSO), 2013 এর ১৮টি নীতিমালা সংযোজন করা হয়েছে। এছাড়া জনাব Glenn এর অপর পরামর্শ মোতাবেক Internal Control Function কে গতিশীল এবং কার্যকর করণার্থে এ-ক্ষেত্রে প্রতিষ্ঠানের সকল ডিপার্টমেন্টের সক্রিয় অংশগ্রহণ নিশ্চিত করার লক্ষ্যে-Individual departments or business lines will be vigilant and will participate fully in the internal control regime where ICC should act as internal watchdog of the organisation-মর্মে বিধান সংযোজিত হয়েছে।

উল্লেখ্য যে, খসড়া গাইডলাইনটি ১০টি Chapter-এ Internal Control & Compliance এর বিষয় সংশ্লিষ্ট অনুযায়ী নিম্নোক্তভাবে সন্নিবেশিত করা হয়েছেঃ

Chapter	Topics	Particulars in brief
Chapter-1	Internal Control & Compliance	Internal Control & Compliance এর ধারণা এবং এর উদ্দেশ্য।
Chapter-2	Policy Guidelines for Internal Control	কাজের Internal Control নিশ্চিত করার লক্ষ্যে অনুসৃতব্য Act, Policy, Manuals, Guidelines এর Ref. বোর্ড এবং Board of Directors, Audit Committee of the Board, Senior Management Team এর দায়িত্ব ও ভূমিকা বর্ণনা।
Chapter-3	Control Risk Assessment	Control Risk এর বিভিন্ন উপাদান, রিস্ক ম্যাট্রিক্স এবং মূল্যায়ন পদ্ধতি নিয়ে আলোচনা।
Chapter-4	ICCD Related Issues	ICCD এর Organogram, ICCD Charter, Head of ICCD এবং Auditors এর যোগাযোগ, নিয়োগ পদ্ধতি, দায়িত্ব, মূল্যায়ন, প্রশিক্ষণ, ভূমিকা এবং জব রিপোর্ট নিয়ে আলোচনা।
Chapter-5	Audit	Audit plan, procedure ও reporting নিয়ে আলোচনা এবং Annual Integrated Health Report প্রস্তুতকরণে সফটওয়্যার পদ্ধতির ভূমিকা বর্ণনা।
Chapter-6	Compliance	Compliance এর পদ্ধতি এবং প্রক্রিয়া সম্পর্কে আলোচনা।
Chapter-7	Monitoring & Control	Monitoring & Control এর activities এবং objectives নিয়ে আলোচনা।
Chapter-8	Shariah Audit	Shariah Audit এর পরিচিতি, প্রক্রিয়া এবং মূল্যায়ন সম্পর্কে আলোচনা।
Chapter-9	Information Systems(IS) Audit	IT অডিট এর ধারণা এবং বিভিন্ন ক্ষেত্র নিয়ে আলোচনা।
Chapter-10	Miscellaneous	Inspection Concluding Meeting, Special Board Meeting on Compliance, Liaison meeting, এবং antifraud internal controls নিয়ে আলোচনা।
Annexure		৪৯ থেকে ১৪৯ পৃষ্ঠা

কলেবর সম্পর্কে সঠিক ধারণা পাওয়ার সুবিধার্থে মূল গাইডলাইন ও উহার সংযুক্তিগুলো আলাদাভাবে পেশ করা হয়েছে যা পরে একত্র করা হবে।
এমতাবস্থায়, খসড়া গাইডলাইনটি অনুমোদিত হলে তা সংশ্লিষ্ট সকলের অনুসরণের নিমিত্তে জারী করার জন্য বিআরপিডিতে প্রেরণ করা যাতে পারে।

সদয় অনুমোদনের জন্য পেশ করা হলো।

২২/০২/২০১৬
(মোঃ হুমায়ুন কবির)
মহাব্যবস্থাপক

নির্বাহী পরিচালক-৪

ডেপুটি গভর্নর-২

গভর্নর

ডেপুটি গভর্নর-২

নির্বাহী পরিচালক