

## Process for compliance of observations found in Internal Audit

**Objective:** To secure the 100% compliance with documentary evidences for the observations found during the internal audit

Process to be adopted:-

1. Internal Audit report will be sent to all branches with a CC to Compliance department ([dilip@transcorpint.com](mailto:dilip@transcorpint.com), [jeetu.suthar@transcorpint.com](mailto:jeetu.suthar@transcorpint.com) and [neeru.atal@transcorpint.com](mailto:neeru.atal@transcorpint.com) ).
2. Compliance department will scrutinize each and every compliance related observations and will raise the query to local MLROs as well as Branch Incharge with guidance for what is to be done and what is to be sent as evidence of compliance. If required necessary discussion with branch and auditors will be done for understanding the observations clearly.
3. Compliance department will prepare branch wise summary in following format for taking corrective action:-

S. No.	Observation	Category	Audit 1 for FY 2017-2018		Audit 2 for FY 2017-2018	
			No. of Observations	Whether closed/open	No. of Observations	Whether closed/open
1	Sales					
A	Retail Sales					
I	BTQ					
II	BT					
iii	Reconversion					
2	Purchase/Encashment					
I	Public Purchase					
II	Bulk Purchase					
2	Others					

The above report will be sent to the branch every month after completing the above exercise and marking will be given to branches and course of action such as training and other action will be decided accordingly. A format for rating for compliance is given at the end of this process note.

TATs:-

S.No.	Things to be done	Responsibility Center	TAT
	Scrutinizing the observations	Mrs. Neeru Atal and MR. Jeetu Suthar	Within 1 day of receiving report
	Guiding the branches for compliance	Mrs. Neeru Atal and MR. Jeetu Suthar	Second day of scrutinizing, discussing and finalizing the observations
	TAT for compliance by	Branches- Local MLROs	Within 3 days of receiving

	branches		guidance note from compliance department
	Scrutinizing the compliance report and documents sent by branch	Mrs. Neeru Atal and MR. Jeetu Suthar	Within one day of receiving the same from branches. Compliance department will check all the compliance reports as well as supporting attached and may raise further queries but the compliance report will be opened till the final closing of the matter. It may go maximum for 2 more days of receiving the first compliance report
	Summary of observations of all branches to branches as well as to Managing Director-Grading to the branches will be given as per the observations found.	Mr. Dilip Morwal	By 7 <sup>th</sup> of every subsequent month

Required things:-

1. The observation sheet must be sent on the same day of audit to secure the corrective action on time
2. Disciplinary action against all the concerned (wherever necessary) will be taken immediately on getting the observations for serious observations

Bifurcation of observations and suggestive action: The below mentioned table is only a suggestive table and observations may be added and other action can be initiated to secure the compliance-

Money Changing Business

S. No.	Observations	Category	Things to be done for compliance (scanned copy of all the rectified documents must be sent as a proof of compliance)
	<b>Sales Transactions</b>		
<b>1</b>	<b>Public Sales (BTQ and BT)</b>		
A	Unsigned BTQ Form	Major	Signatures of customer must be obtained on BTQ form
B	Incomplete BTQ Form	Major	BTQ form must be completed and from next time onwards system generated BTQ form must be used
C	BTQ Form is not available	Major	Complete and duly signed BTQ form must be obtained
D	Signature mismatched	Major	Correct signatures must be taken for the customer. To avoid such instances in future signatures must be tallied at the time of processing the transaction only
E	Name mismatched	Major	All documents must be rectified by mentioning the correct name
E	LERMS or signed request Letter not Found for BT Sales	Major	LERMS letter or signed request letter must be collected
F	Unsigned LERMS Letter or request letter	Major	signed LERMS letter or request letter must be obtained
G	Customer Signature not available on Cash Memo	Major	Customer's signatures must be taken. The signatures must be tallied with the signatures available in passport/ID proof authorised signatories
H	Traveler ID not found (Pass Port not found)	Major	Self attested copy of Passport must be obtained
I	Ticket and visa copy (wherever required) not found	Major	Check whether VISA prior to journey is mandatory for that country if yes then this must be asked or only ticket copy will be sufficient.
J	Sales on expired Passport	Major	Self attested copy of valid passport must be obtained. If this is not possible foreign exchange must be taken back from the client
K	Manual bills issued	Major	Justification for not using system generated bills must be given with an undertaking to not to use the manual bills in future.
L	Passport no. on BTQ or BT request letter is different from the actual passport	Major	Correct passport number and details must be mentioned and rectified.
M	ID Proof is not visible	Major	Self attested Visible copy of ID proof must be obtained

N	ID Proof not self attested	Major	Self attested Visible copy of ID proof must be obtained
O	Documents not found in case of TT transactions (please specify the problem)	Major	All the pending documents which are complete in all respect must be obtained
P	Violation of limits	Major	Detailed explanation for the same must be given and transaction must be reverted back immediately
Q	Proper documents and request not found in case of re-loading (please specify the problem)	Major	Specified documents must be obtained
R	Proper documents for re-conversion not found (please specify the problem)	Major	Proper documents must be obtained
S	Entry done in wrong party account	Major	Entry must be rectified and also a clarification and explanation must be given for this
T	Selling to non-resident without following the process	Major	Transaction must be reverted back
<b>2</b>	<b>Bulk Sale</b>		
A	Bulk Purchase Memo of other Party not available	Major	Bulk Purchase Memo of other Party must be obtained
B	Acknowledgement Stamp of other Party is not available	Major	Stamp must be obtained
C	Sign of other Party is not available	Major	Signature of other party must be obtained
D	Bill raised by wrong rate /amount/date (specify the mismatch)	Major	This must be rectified. Explanation must be given for the same
E	Entry done in wrong party account	Major	This must be rectified. Explanation must be given for the same
	<b>Encashment/Purchase Transactions</b>		
<b>3</b>	<b>Public Encashment</b>		
A	ID and Address proof is not taken	Major	If the ID and Address proof is required to be obtained as per the rules then the same must be obtained
B	ID Proof/ and address Proof is not visible	Major	Self attested Visible copy of ID proof must be obtained
C	Signature mismatch/not found on documents	Major	Correct signatures must be taken for the customer. To avoid such instances in future signatures must be tallied at the time of processing the transaction only
D	Signature of Customer not found on Encashment Certificate	Major	Correct signatures must be taken for the customer.
F	Surrender Letter not found /Encashment Certificate (encashment from Corporate Clients)	Major	Surrender letter duly signed by the authorized person must be obtained
F	Manual bills raised	Major	Justification for not using system generated bills must be given with an undertaking to not to use the manual bills in future.
G	Encashment done on expired visa (in case of foreigner)	Major	Valid copy of VISA must be obtained. If not possible than the transaction must be reverted back

H	Cash payment done to foreigner or Indian above limit	Major	Transaction must be reverted. Explanation on the matter must be given
	Address details of foreigner is not obtained	Major	Address details must be obtained
3	<b>Bulk Purchase</b>		
A	Bulk Sale Memo of other Party not available	Major	Bulk Sale Memo must be obtained
B	Acknowledgement Stamp of other Party is not available	Major	Obtain the stamped copy
C	Signature of Customer not found on bills	Major	Take the signature of other money changer
D	other Money Changer's bill date/rate/amount differ from our entry date (Please specify)	Major	Rectify the same and send the explanation
E	Entry done in wrong party account	Major	Entry must be rectified and also a clarification and explanation must be given for this
4	<b>For all Transactions</b>		
A	ID and Address proof and other KYC related documents must be self attested and OSV certified.	Major	If not than the rectified copy must be obtained
B	All one time KYC documents must be obtained from the corporate and money changers as per the on-boarding process and RBI's rules and regulations. Report on gaps must be given for all such cases	Major	All the pending documents which are complete in all respect must be obtained

#### Inward Remittance Business

S.No.	Observations	Category	Things to be done for compliance (scanned copy of all the rectified documents must be sent as a proof of compliance)
	Inward Remittance Transactions		
A	Incomplete TRM Form (Please specify the incompleteness)	Major	TRM form must be completed
B	TRM or System Generated Receipt is not found	Major	Duly filled and signed TRM form should arranged
C	ID and Address Proof was not Found	Major	Self attested ID and Address proof must be obtained
D	Signature mismatch	Major	Correct signatures must be taken fro the receiver
E	unsigned documents or Forms	Major	Signature of receiver must be taken
F	Address proof was not taken in case of PAN Card (as an ID)/ expired ID	Major	Additional Address proof must be taken
G	ID and Address proof is not visible	Major	Fresh self attested ID and Address proof copy must be obtained and OSV must also be

			done
H	unrelated sender & receiver and Fraud Transactions	Moderate	Complete explanation must be given for such matters and due diligence must also be secured
I	More than 30 transactions in a calendar year for single receiver	Major	Explanation from the Branch incharge must be taken
J	Wrong name mentioned in TRM	Major	TRM must be corrected. If ACR is showing the incorrect name then the system must be rectified
K	Poor data capturing (please mention the specific cases)	Moderate	Detailed explanation must be received

Compliance Rating Mechanism (Every month a compliance rating will be given to every branch and will be linked with the performance appraisal of staff of that Branch)

S. No.	Rating	Meaning
1	High Risk	Need immediate Action for securing compliance
2	Medium Risk	Need Caution
3	Low Risk	No adverse observation was found

Report Card of Branch (Example) (to be sent to all branches with a copy to Managing Director)

S. No.	Nature of observation	Categorization	No. of observations found	Observations closed	Open observations
1	Unsigned BTQ Form	Major	3	2	1
2	LERMS letter not available	Major	4	4	0
	Total		7	6	1
	Overall Rating	High Risk	Need immediate Action for securing compliance		