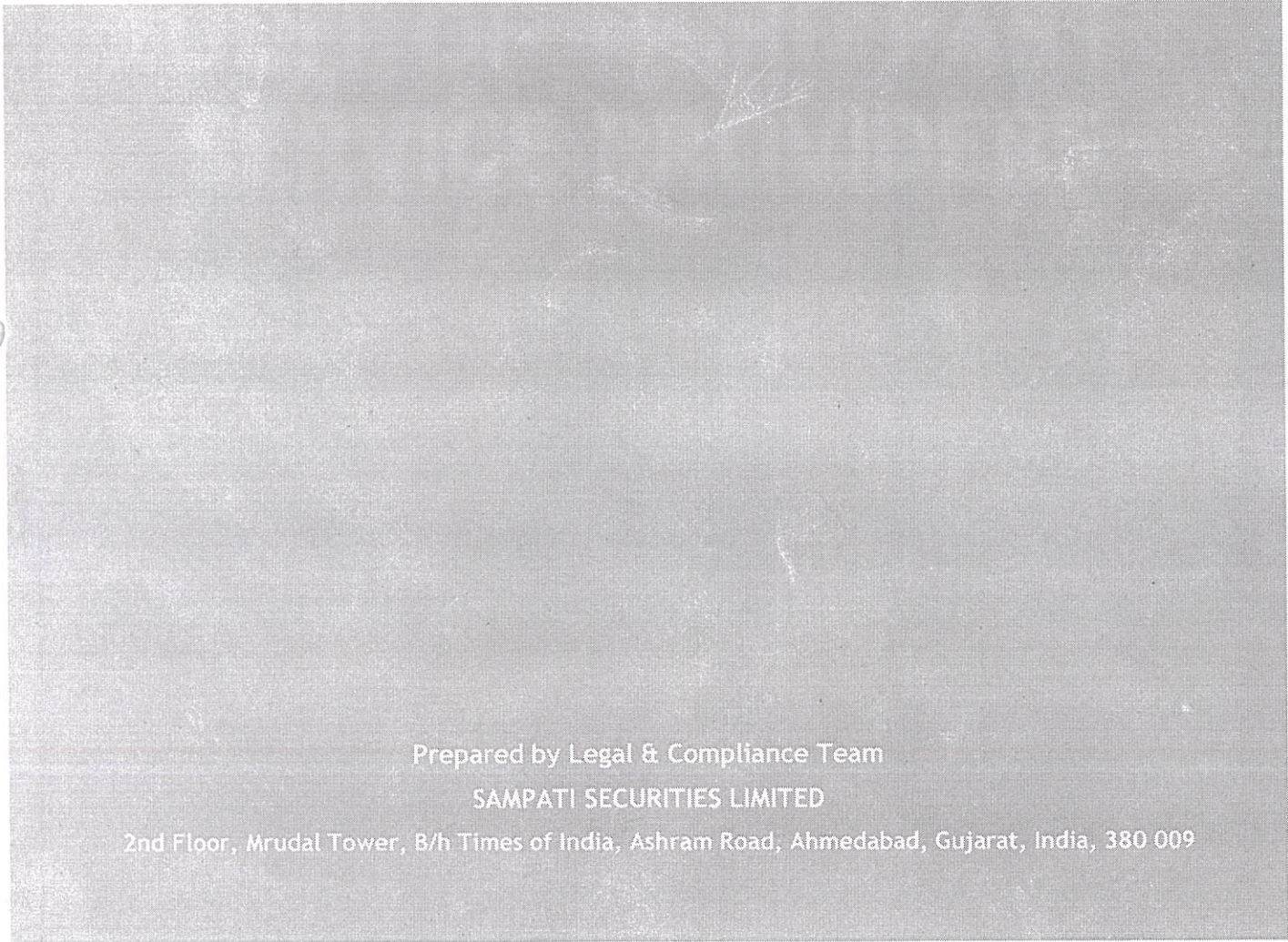


# **POLICY ON INTERNAL AUDIT OF THIRD PARTY SERVICE PROVIDERS**



Prepared by Legal & Compliance Team

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## **POLICY ON INTERNAL AUDIT OF THIRD PARTY SERVICE PROVIDERS**

Sampati Securities Limited (SSL) is a Non-Banking Finance Company (NBFC) registered under Section 45IA of the Reserve Bank of India Act, 1934. SSL ensures that the highest possible standards of ethics and moral conduct are followed by its staff from the top management to each employee at every level in the organization. SSL ensures that all the compliance requirements as prescribed by the RBI vide its notifications, circulars and the rules made thereunder are complied with to the best of the Company's ability and understanding. As per the directions issued by RBI, SSL has a proper Internal Audit Policy in place to conduct Audit of our Service Providers.

Sampati Securities Limited (SSL) maintains and follows a transparent and fair procedure while conducting Audit of our Service Provider to ensuring transparency, accuracy and trust of the customers is maintained.

Internal Audit Policy of Sampati Securities Limited (SSL) is objective assurance activity responsible for evaluating and helping the company improve the effectiveness of governance, risk management and internal control processes through a systematic and disciplined approach.

### **OBJECTIVES OF POLICY:**

- Transparency
- Risk management
- Effectiveness of Governance
- Internal control
- Data encryption Control
- Security of KYC/Loan data of the Borrowers
- Timely resolution of Complaints/Query of Borrowers
- Timely Grievances to the Consumer
- Accountability
- Effective MIS
- Assessment
- Monitoring
- Control on Privacy policy

#### **THE SCOPE INTERNAL AUDIT:**

The scope and responsibility of internal audit encompasses the examination and evaluation of the adequacy and testing of design & operating effectiveness of Company's Service Provider's system of internal controls (including the efficiency and effectiveness of operations), risk management and governance processes.

The internal audit function should assess and make appropriate recommendations to improve the governance processes and ensure effective performance management and staff accountability, etc.

The internal audit process comprised Monthly verification, review and Search of electronic as well as Physical documents of Loan data, KYC of Borrowers and other as may be required, by visiting to the premises of the Service Provider.

A written report will be prepared and issued by the person authorized to conduct Internal Audit process to the Nodal officer of the Sampati Securities Limited (SSL).

A quarterly presentation will be made to the Board Members highlighting the progress status against the audit plan, areas covered in the internal audit during the quarter, the significant issues identified during the course of the work along with their management action plan, implementation status of the open audit findings / issues.

### **RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT:**

Board of Directors has the ultimate responsibility for ensuring that senior management establishes and maintains an adequate, effective and efficient internal control system and, accordingly, the board should support the Internal Audit function in discharging its duties effectively.

To establish, maintain, and assure that Internal Audit has sufficient authority to fulfill its duties, the Board should:

Approve the internal audit Policy clearly documenting the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from Risk Management Function and Risk Based Internal Audit Function. The policy should be consistent with the size and nature of the business undertaken, the complexity of operations and should factor in the key attributes of internal audit function relating to independence, objectivity, professional ethics, accountability, etc.

- The Internal Audit Policy should be reviewed annually.
- Approve the risk-based internal audit plan to determine the priorities of the internal audit function based on the level and direction of risk, as consistent with the entity's goals and to ensure Internal Audit adds value to the organization
- The risk assessment of business and other functions of the organization shall at the minimum be conducted on an annual basis.
- For the risk assessment to be accurate, it will be necessary to have proper MIS and data integrity arrangements. Senior management should also inform the Internal Audit function of new system, software, initiatives, projects, products, changes in accounting and operational policies and processes, changes in reporting lines, and ensure that all associated risks, known and anticipated, are identified and communicated at an early stage.



- It shall ensure that appropriate action is taken on the internal audit findings within given timelines and status on closure of audit reports is placed before the Board.
- The senior management is responsible for establishing a comprehensive and internal audit function which should promote accountability and transparency.

