

1Internal Control & Audit Policy

The Internal Audit function was established at the direction of the Board of Directors. The Internal Audit Department reports administratively to the Board. The scope of Internal Audit's responsibility is defined within this policy. Internal Audit staff is authorized to conduct a comprehensive internal audit program within the institution and is responsible for keeping the board informed of unusual transactions or other matters of significance. The policies or intimations are circulated to all staff members through internal office memo, email or call town hall meeting.

RESPONSIBILITIES

Segregation of Duties & Book Keeping:

- Responsibility for preparation of vouchers in the Finance Division shall be as follows:

Types of Vouchers	Prepared by	Reviewed by
Vouchers relating to various receipts and payments	Staff Officer/ Assistant Manager	Manager and Assistant Manager
Vouchers relating to recording of fixed assets and depreciation	Manager	Senior Manager
Vouchers relating to adjustments in the financial statements and entries arising from adjusting reconciliations	Manager	Senior Manager
Taxation Vouchers	Manager	Senior Manager

- After the preparation and approval of the vouchers, the vouchers relating to payments shall be forwarded to the financial controller who shall review the same before authorizing payments.
- All the vouchers shall be pre-numbered.
- After recording in the ledger, the financial controller shall review the entries in the ledger to ensure the completeness and correctness of the transactions.
- Vouchers made by the Finance Division shall be bound and be retained in the Finance Division. The vouchers relating to a period of not less than ten years immediately preceding the current year shall be preserved in good order.

Review of Financial Reporting:

Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional, regulatory pronouncements, completeness, consistency and understand their impact on the financial statements take actions to address findings and recommendations resulting from the financial statement audit or internal audits.

Risk Management:

Review the adequacy of the organization's policy on risk management. Review the effectiveness of the organization's system for assessing, monitoring, and controlling significant risks or exposures and review management's reports on risks and related risk mitigations.

Internal Control:

Consider the effectiveness of the organization's internal control system, including information technology security and control. Understand the scope of the external auditor's review of the

organization's internal control over financial reporting and review internal and external audit findings and recommendations, together with management's responses.

Internal Audit:

Concur in the appointment, replacement, or dismissals. Review the performance of the internal audit function and confirm, through organizational structure and/or by other means review internal audit reports review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations. Bring to the attention of the Board any internal audit issues then board determines significant and appropriate for consideration.

Branch Visit and Audit:

This would be the prime responsibility of RM to make a schedule of regular and surprise visits of different branches, check records, trading activities, any violation, rules compliance etc and gather information from clients.

Random checking of equity traders:

RM should randomly choose one trader and audit all of his clients. Send special courier with all account material, ledger reports, CDC report, and physical shares in BMA Capital Management etc. Confirm that they are receiving courier regularly and there is no problem in accounts. Further they also try to find out that client is fully aware with all trading activities and traders always contact him before to execute any order.

Collect record of trade violation

If back connect does not calculate margin correctly, find how many clients try to violate margin rule. If trading terminal is down and trading facility is provided directly, how many clients may violate margin. Prepare a list of clients who are reluctant to meet margin requirement and RM normally square their position to achieve required margin limit. Normally try to trade directly while trading facility on his terminal was available. Clients, habitually reluctant to send payment timely.

Daily trading report checking:

RM should check daily trading activities of all clients. Make record of average daily trading pattern. If any client is diverting from its average trading pattern, contact him and confirm his trading activities. If there are aggressive changes, start to send couriers and telephonic confirmation daily.

Identify Inactive Clients:

Find clients not in touch for long period of time or not active for 1 month. Contact them, find problem and send confirmation, especially CDC and ledger report.

Custody Reports:

RM should check custody report on a weekly basis by comparing the CDC report and the BOS report. Some differences will occur due to pending transfers.

Daily Branch Report:

RM should check daily branch report and discuss this report with related BM for understanding point of view. This report shall be helpful to bring thing in orders and improve efficiencies of staff. The BM is emailed a summary of their clients' who violated their margin and asked to improve the figures by promoting proactive and preemptive action by traders.

Other Responsibilities:

Report at least annually to the Board of Directors regarding audit issues, and related recommendations. request Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.