

Internal Audit Report for QE

30/06/2024

ISSUED ON:

Audit Department
NATIONAL HOUSING BANK | NEW DELHI

Audit Schedule

Department / Audit Calendar	July-Sept (Q1)	Oct-Dec (Q2)	Jan- Mar (Q3)	Apr- June (Q4)
Department of Supervision	✓	✓	✓	✓
Refinance and Project Finance Department	✓	✓	✓	✓
Risk Management Department*		✓		✓
Resource Mobilization & Management Department*		✓		✓
Accounts Department*		✓		✓
MRCPD & Corp Communication Department*		✓		✓
Grievance Redressal Cell*		✓		✓
IT Department*	✓		✓	
HR & Admin Department*	✓		✓	
Premises Department*	✓		✓	
Legal and Recovery Department*	✓		✓	
Government Schemes Department*	✓		✓	
Compliance Department*	✓		✓	
MRO	✓	✓	✓	✓

*Departments are audited on half- yearly basis.

Further, 4 ROs (except Mumbai Regional Office) and 5 RROs to be audited on annual basis. As per the approved inspection schedule, internal audit of 01/04/2024 and 30/06/2024 was undertaken during

Audit Department – IA Report QE 30/06/2024

Document Classification – Confidential

Business Overview- 01/04/2024 To 30/06/2024

S. N.	Particulars (For the period 01/04/2024 To 30/06/2024)	ROD Figures	PFD Figures	Unit
1.	Number of loans disbursed during the period	15	0	Nos
2.	Amount disbursed during the period	500000	2535000	crore
3.	Interest Income earned during the period	235447	1154880	crore
4.	Principal outstanding as on 30/06/2024	149336	648300	crore
5.	Number of loans sanctioned during the period	514	600	Nos
6.	Amount sanctioned during the period	2536774	1900000	crore
7.	Number of credit inspections conducted during the period	15	2	Nos
8.	Number of standard loan accounts	8	800	Nos
9.	Number of SMA/NPA loan accounts	6	210	Nos

* NPA Accounts details:

Sample Overview- File Review- 01/04/2024 To 30/06/2024

Sl. No.	Product	Population size	Sample size	Sample % (% of population size)
1.	Refinance-Sanctioned (in Nos)	500	147	50.0
2.	Refinance-Disbursed (in Nos)	230	200	32.0
3.	Project Finance -Sanctioned (in Nos)	500	65	20.0
4.	Project Finance-Disbursed (in Nos)	800	200	20.0

*Out of 10 sanctioned proposals selected in sample, documents were executed for 04 proposals.

Summary of Observations

Audit_Areas	Summary of observations			Total	Closed during audit	Pending for compliance
	High	Low	Medium			
Refinance Operations Department (ROD)	1	1	1	3	3	1
Project Finance Department (PFD)	2	0	4	6	6	3
Project Finance Department (PFD)	2	0	4	6	6	3
Refinance Operations Department (ROD)	1	1	1	3	3	1
Project Finance Department (PFD)	2	0	4	6	6	3

	High	Low	Medium			
Total	8	2	14	24	24	11

Observation Synopsis

Sr No	Function Areas	Observation	Status	Category	Rating	Repeat/First_Instance
1	Refinance Operations Department (ROD)	Interest reset was last done on 30th Dec 2019	Closed	Compliance, Financial, Operational, Design	High	Yes
2	Refinance Operations Department (ROD)	The loan sanctioned by the department were in excess as approved by the board.	Closed	Financial, Design	Low	No
3	Project Finance Department (PFD)	KYC Norms were not followed	Closed	Compliance, Design	Medium	No
4	Project Finance Department (PFD)	Mortgage Loans amounting to INR 30 crores were not submitted to CERSAI	Closed	Financial	High	No

*Note: C – Compliance, F – Financial, O – Operational, D – Design, S – System

#Repeat observation means observation of similar nature has been pointed out as part of internal audit activity in the last 4 quarters (from 01/04/2024 to 30/06/2024).



REPEAT/ FIRST INSTANCE :- No

Key Audit Findings - Project Finance Department
(PFD)

Category:- Compliance,Design

Close

Background		
KYC guidelines were not followed by the department		
Observation		
KYC Norms were not followed		
Recommendation		
RBI Policy needs to be reviewed periodically		
Management Comments		
KYC Guidelines as prescribed by RBI shall be followed henceforth		
Auditor's remarks		
Responsibility:-Varun	Status: Close	Due date: 27/07/2023



REPEAT/ FIRST INSTANCE :- No

Key Audit Findings - Project Finance Department
(PFD)

Category:- Financial

Close

Background		
Mortgage loans were not submitted		
Observation		
Mortgage Loans amounting to INR 30 crores were not submitted to CERSAI		
Recommendation		
Mortgage loans not yet submitted to CERSAI needs to be submitted at the earliest		
Management Comments		
Details of mortgage loans are now submitted to CERSAI		
Auditor's remarks		
Responsibility:-Varun	Status: Close	Due date: 25/07/2023



REPEAT/ FIRST INSTANCE :- No

Key Audit Findings - Refinance Operations
Department (ROD)

Category:- Financial,Design

Close

Background		
The loans were sanctioned by inappropriate authority		
Observation		
The loan sanctioned by the department were in excess as approved by the board.		
Recommendation		
The department needs to follow the guidelines as prescribed by the board		
Management Comments		
The loans were sanctioned without knowledge of HOD		
Auditor's remarks		
Accepted by atul		
Responsibility:-Varun	Status: Close	Due date: 24/07/2023



REPEAT/ FIRST INSTANCE :- Yes

Key Audit Findings - Refinance Operations
Department (ROD)

Category:- Compliance,Financial,Operational,De
sign

Close

Background		
The department needs to re-visit interest rate on annual basis		
Observation		
Interest reset was last done on 30th Dec 2019		
Recommendation		
Interest reset needs to be done immediately		
Management Comments		
The interest rate has been reset to prevailing LIBOR plus 1 as per instructions of auditor		
Auditor's remarks		
Responsibility:-Varun	Status: Close	Due date: 24/07/2023

Summary of Implementation Status

Audit_Areas	OpenCount	Closed	Total
Department of Supervision (DoS)	2	2	4
Project Finance Department (PFD)	3	3	6
Refinance Operations Department (ROD)	1	2	3
Total	6	7	13

Closed Observations of previous quarters

Sr No	Audit_Areas	Observation	Reporting_Quarter	Category	Rating
1	Project Finance Department (PFD)	as per the observation there may be some data that is not appropriate as per the requirement .	30/06/2024	Financial,Design	Medium
2	Refinance Operations Department (ROD)	Interest reset was last done on 30th Dec 2019	30/06/2024	Compliance,Financial,Operational,Design	High
3	Refinance Operations Department (ROD)	The loan sanctioned by the department were in excess as approved by the board.	30/06/2024	Financial,Design	Low
4	Project Finance Department (PFD)	KYC Norms were not followed	30/06/2024	Compliance,Design	Medium
5	Project Finance Department (PFD)	Mortgage Loans amounting to INR 30 crores were not submitted to CERSAI	30/06/2024	Financial	High

*Note: C – Compliance, F – Financial, O – Operational, D – Design, S – System

Open Observations with Timelines during the Audit Period

Department	Risk Rating	Reporting Quarter	Status
null	Medium	30/06/2024	Closed
Previous Timelines	Revised Timeline		
null	null		

-END OF REPORT-

