

ডিপার্টমেন্ট অব অফ-সাইট সুপারভিশন
বাংলাদেশ ব্যাংক
প্রধান কার্যালয়
ঢাকা।

ডিওএস সার্কুলার লেটার নং- ১০

তারিখ : ২৬ বৈশাখ, ১৪২৪

০৯ মে, ২০১৭

চেয়ারম্যান, পরিচালনা পর্ষদ

ও

প্রধান নির্বাহী/ব্যবস্থাপনা পরিচালক
বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক

প্রিয় মহোদয়,

**জালিয়াতি/প্রতারণামূলক কার্যক্রম প্রতিরোধের জন্য ব্যাংকের
অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থার স্বমূল্যায়ন প্রসঙ্গে।**

উপর্যুক্ত বিষয়ে এ ডিপার্টমেন্টের ডিওএস সার্কুলার লেটার নং- ১৭, তারিখ ৭ নভেম্বর, ২০১২ এর প্রতি দৃষ্টি আকর্ষণ করা যাচ্ছে।

২। উক্ত সার্কুলার লেটারের মাধ্যমে ব্যাংকগুলোর জালিয়াতি/প্রতারণামূলক তৎপরতার প্রবণতা প্রতিরোধে অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থাদির কার্যকারিতার স্বমূল্যায়ন সংক্রান্ত প্রতিবেদন ব্যাংকের প্রধান নির্বাহীর স্বাক্ষরে এবং পর্ষদের অডিট কমিটির চেয়ারম্যানের প্রতিস্বাক্ষরে প্রতি ত্রৈমাস অস্তে পরবর্তী এক মাসের মধ্যে এ বিভাগে দাখিল করার নির্দেশনা দেয়া হয়েছিল।

৩। এক্ষণে, ব্যাংক ব্যবসার সাথে সম্পৃক্ত ঝুঁকিসমূহ হ্রাস এবং জাল-জালিয়াতি/প্রতারণামূলক কার্যক্রম অধিকতর কার্যকর ও ফলপ্রসূভাবে প্রতিরোধের লক্ষ্যে উল্লিখিত প্রতিবেদনটিতে প্রয়োজনীয় সংশোধনী আনা হয়েছে। অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থাদির সংশোধিত প্রতিবেদন (সংযুক্ত ছক মোতাবেক) যথাযথভাবে অনুসরণ/পরিপালন করার জন্য আপনাদেরকে নির্দেশনা প্রদান করা হলো।

৪। এখন হতে স্বমূল্যায়ন প্রতিবেদন ব্যাংকের অভ্যন্তরীণ নিয়ন্ত্রণ ও পরিপালন বিভাগ কর্তৃক প্রস্তুতপূর্বক ত্রৈমাসের পরিবর্তে অর্ধবার্ষিক ভিত্তিতে (প্রতি অর্ধবার্ষিক শেষে পরবর্তী এক মাসের মধ্যে) এ ডিপার্টমেন্টে দাখিল করতে হবে। এ নির্দেশনা জুন, ২০১৭ হতে কার্যকর হবে। এতদ্ব্যতীত, ৭ নভেম্বর, ২০১২ তারিখের ডিওএস সার্কুলার লেটার নং- ১৭ এ প্রদত্ত অন্যান্য নির্দেশনা অপরিবর্তিত থাকবে।

অনুগ্রহপূর্বক প্রাপ্তি স্বীকার করবেন।

আপনাদের বিশ্বস্ত,

সংযুক্তিঃ ১০(দশ) পৃষ্ঠা।

স্বাঃ/-

(এস, এম, রবিউল হাসান)

মহাব্যবস্থাপক

ফোন : ৯৫৩০০৯৩

Declaration form

Date :

To : General Manager
Department of Off-site Supervision
Bangladesh Bank, Head Office, Dhaka

Reporting period:

Sub: Self-Assessment of Anti-Fraud Internal Controls.

Dear Sir,

I would like to confirm you in terms of your DOS circular letter no. 10 dated 09-05-2017 that the annexed self-assessment of anti-fraud internal controls has been carried out with due diligence for identifying the drawbacks of our Internal Control and Compliance System and taking appropriate measures to make it more effective and strong. The position of our bank's internal control practices has been reflected truly and faithfully through the information provided in this report.

Sincerely Yours,

Signature and date:

(Name :-----)

Managing Director/CEO)

Counter signature and date

(Name:-----)

Chairman, Audit Committee of the
Board of Directors

N.B: In case of foreign banks, declaration form must be signed both by CEO and Head of ICC/Internal Audit.

Self-Assessment of Anti-Fraud Internal Controls

Sl. No.	Particulars	Yes	No	Partial*	Remarks** (if any)
Internal Control & Compliance(ICC)					
01	Does the senior management ensure communication of different prudential regulations, policies etc. issued time to time by bank itself, regulator and government throughout the bank?				
02	Does the Audit Committee (AC) review the audit findings and compliance status at least on quarterly basis and take actions accordingly? If yes, attach the related memo.				
03	Policy and structure of ICCD				
	a) Has the bank reviewed its own ICC guidelines in light of guidelines issued by BB and continued to review on yearly basis?				
	b) Is the organogram & structure of the ICCD in accordance/conformity with those prescribed in the ICC guidelines by BB?				
	c) Does the ICC Department have adequate manpower with professional knowledge, banking experience etc. to conduct audit activities as required by the bank?				
	d) Is the bank's Internal Audit Department well equipped with IT people to conduct audit in IT environment?				
	e) Does the work scope of the ICCD cover all the issues of Charter narrated in the ICC Guidelines?				
	f) Does the bank update Fraud Management Policy, Audit Manual etc. every year?				
	g) Has the Fraud Management Policy been implemented in case of settlement of detected fraud-forgeries?				
	h) Does the bank have a central database/corporate memory of fraud-forgeries ¹ occurred in the bank?				
04	Has the bank complied with the instructions of Guidelines on Internal Control & Compliance in Banks regarding preparation and submission of report on its own health?				
05	Is the overall effectiveness of the internal control system, policies & procedures of the bank evaluated at least annually by the proper authority with the approval of the board to prevent recurrence of the material irregularities/fraud/forgeries and also to address the changing environment?				
06	Were there any incidents of fraud/forgery published in the media but the ICCD failed to detect?				
07	a) Does the Monitoring Unit review Quarterly Operations Report (QOR), Loan Documentation Checklist (LDCL) etc. effectively to monitor the operational performance of the branches?				
	b) Is the DCFCL (Departmental Control Function Checklist) reviewed by Departmental Managers, Line Managers, and Branch Managers at the prescribed frequencies?				

* At least 50% implemented items are to be answered in 'Partial' column.

** 'Remarks' column is to be filled up with the actual percentage of implementation for 'Partial' answers, time limit for full implementation of partial and unimplemented items and any other related information bank desires to include.

¹ Material losses for banks due to creation of fake loan accounts, defalcation of money, unauthorized fund transfer from one account to another, fake issuance of PO, DD, credit card, debit card etc., Embezzlement of money by forged cheque, cash embezzlement through online transaction, defalcation of money by creating fraud overdraft, amount received from depositor but not deposited to a/c, unauthorized withdrawal from suspense a/c, forged FX document etc.

(Signature)
Initiating Officer

(Signature)
Head of Compliance

Sl. No.	Particulars	Yes	No	Partial	Remarks (if any)
08	Are the employees provided with clear authority/delegation of power and job description to perform the daily activities of the bank with proper documentation of hand over and take over charges when applicable?				
09	Does the bank have risk-based auditing system and ensure its implementation?				
10	Does the ICCD evaluate the degree of risk, at least annually, of every department/office/branch/subsidiary/foundation/regional office in addition to regular audit of bank branches?				
11	Does the bank have any policy regarding admonitory/reproving measures for internal auditors in case of their failure in applying due diligence to the responsibility assigned to them?				
12	Are job rotation, transfer, posting and mandatory leave (where applicable) for the employees strictly followed as per Bangladesh Bank guidelines?				
13	a) Does the bank have centralized system to monitor all deposits and loan accounts including staff?				
	b) Does the ICCD ensure monitoring of staff accounts and other accounts operated by the staff at least on monthly basis through getting certification from branch manager/regional office in absence of centralized system?				
14	a) Are the senior management assigned with responsibility for fraud management so that employees of all level get conscious about prevention and detection of fraud/forgeries?				
	b) Does the senior management perform their responsibilities assigned to them properly for minimizing fraud/forgery?				
15	Does the bank perform screening of applicants before appointment particularly to cash handling positions, and other trusted positions such as treasury, accounts, security and ICT (techniques include confirmation of qualifications, verification of employment background, criminal history searches etc.)?				
General Banking and Operation					
16	Does the account opening branch ensure customers' address through cross reference checking and maintain proper records in case of new accounts?				
17	Does the bank restrict the access of persons/belongings (which are not related to cash) to the cash area to prevent defalcation of cash and cash equivalents?				
18	Does the bank ensure Balance Confirmation for both loan and deposit accounts to the customer, any way, at least once in every six months?				
19	Is there any policy to inform the customers about different charges debited from their accounts and whether it is implemented?				
20	a) Is effective reconciliation of inter branch/General Account in place and necessary action taken to reconcile the long-pending (three months and above) items?				
	b) Does the bank produce monthly reconciliation status to the senior management to ensure proper monitoring of reconciliation?				
	c) Are reconciliation activities of the department/division/unit/section audited at least once in a year?				

(Signature)
Initiating Officer

(Signature)
Head of Compliance

Sl. No.	Particulars	Yes	No	Partial	Remarks (if any)
21	Are the Suspense/Sundry Debtors/Sundry Creditors/Sundry Deposits/ Various Utility Accounts and Development as well as Miscellaneous Expenses of Head Office and branches duly monitored by ICCD and placed to monthly meeting of higher management?				
22	a) Does the branch maintain proper edit/audit trail signed by the manager?				
	b) Does the branch manager check individual employees' activity reports (computer posting listings) on daily basis?				
23	Does the bank make ageing of inoperative/dormant accounts/ unclaimed deposits/valuable goods and submit the same to BB following BB circular/guidelines?				
24	Has the bank introduced surveillance system that can watch every single event (access/exit) of all employees of the bank particularly to/from Cash counters, Dealing room, SWIFT rooms, Server rooms, Data center, ICT Division etc.?				
25	Does the bank maintain security of lockers as per Bangladesh Bank guidelines?				
26	a) Does the bank have adequate security surveillance measures like CCTV, Alarm System, etc. in locations like Access point, Vault area, Cash Teller area, ATM booth, etc.?				
	b) Does the bank record CCTV footages and preserve regular backup of footages for a minimum period as specified by the Bangladesh Bank?				
	c) Are the CCTV DVRs (Digital Video Recorders) placed in a secured place?				
27	Does the bank display Help Desk contact details at all of their ATM booths, Web portals, Merchant outlets to lodge complaints or seek assistance?				
28	Does the bank:				
	a) have a code of ethics or similar document in line with National Integrity Strategy of Bangladesh to guide staff about ethical standards in their work?				
	b) provide training on ethical standards to its employees?				
Loans and Advances					
29	a) Is physical verification conducted by the concerned officials at borrower's/guarantor's office/factory, present & permanent addresses for ensuring their identification and business location?				
	b) Is appropriate record of the physical verification maintained for future reference before disbursement of loan?				
30	Does the bank send a one page summary report containing all past due loans, new facilities provided, written off loans, renewal/rescheduling/ enhancement of loans, capital market investment to senior management and Board of Directors (to MANCOM in case of foreign banks) on monthly basis for understanding the current and past performance of the loans?				
31	Are credit facilities availed by the borrower in his own name and /or in the name of his allied/sister concerns from all other banks & financial institutions clearly stated in the credit proposal?				

(Signature)
Initiating Officer

(Signature)
Head of Compliance

Sl. No.	Particulars	Yes	No	Partial	Remarks (if any)
32	a) Are all credit lines under the purview of CRG (Credit Risk Grading) guidelines and CRG done properly considering all information including CIB data?				
	b) Have any credit facilities been provided with an exception to CRG? If yes, mention the classification status?				
33	a) Is the property offered as collateral security against loan physically verified by the designated official to ensure physical existence of the property and it's possession by the proposed borrower/mortgager?				
	b) Whether appropriate inspection is conducted by the related bank officials along with the third party valuation firm to assess the value of collateral before sanctioning the loan?				
	c) Does the bank ensure accomplishing 'tag deed' on the collateral already mortgaged with the bank; in case of providing new facilities?				
34	Does the bank ensure proper control and security over credit files and security documents with proper documentation of hand over and takeover?				
35	Is there any instance of giving unauthorized or fraudulent credit facilities (including non-funded) at branch level during the reporting period?				
36	a) Does the bank ensure that Local Bills Purchased/Accepted are under genuine trade following Bangladesh Bank guidelines?				
	b) Are bank employees who are authorized to disburse funds (paying officer) different from employees who process loan applications/requests (loan officers/under writers)?				
	c) Are loans disbursed only after complying with all terms and conditions mentioned in the sanction letters?				
	d) Does the bank/branch maintain loan documentation checklist in each loan file following the related sanction letter?				
	e) Does the bank conduct cross-checking to identify whether the same borrower has taken loans with different names from other branches of the bank/other banks?				
	f) Is the usage of fund ensured by the bank branch/regional office nearest to borrower's stated business area in the cases where loans are disbursed to locations far from the disbursing branch/office?				
	g) Is single borrower exposure limit specified by BB followed before sanction of any credit facility?				
37	Does the bank follow prevailing rules & regulations including provisions of section 27 of BCA 1991 (amended up to 2013) in case of loan sanctioning to Directors of the bank?				
38	Does the bank follow section 26(Ga) of BCA 1991 (amended up to 2013) in case of transaction with persons related with the bank?				
39	Is there policy and practice in line with prevailing laws and BB directions to prevent money laundering and terrorist financing?				
Foreign exchange Operation					
40	Does the bank lodge the import bills within the time frame under UCP 600?				

(Signature)
Initiating Officer

(Signature)
Head of Compliance

Sl. No.	Particulars	Yes	No	Partial	Remarks (if any)
41	Does the bank ensure retaining original copy of bill of lading/airway bill and second copy of LCAF till the adjustment of the extended credit facilities (PAD/BLC/MIB)?				
42	Does the bank ensure keeping 100% margin against issuance of the shipping guarantee (in case of the original import bill not yet received by the bank)?				
43	a) Is there any instance of extending post import finance (LTR/MTR etc.) in spite of having overdue LTR facilities?				
	b) If yes, is it approved by the competent authority?				
44	a) Does the bank restructure overdue LTR facilities?				
	b) Does the bank ensure monitoring the stock of imported goods with the LTR outstanding?				
45	Is there any instance of extending Packing Credit (PC) facilities before opening of Back to Back L/C?				
46	Does the bank extend every IBP facilities only after taking approval from head office?				
47	Does the bank ensure physical delivery of goods and application of due diligence against extended IBP/ABP facilities (as per BRPD circular no. 10/2012)?				
48	Does the bank ensure genuineness of the export contract/letter of credit (in accordance with the SWIFT code) before taking lien?				
49	Does the bank examine the export documents (especially BL/AWB, customs certified EXP, Acceptance-in case of deferred bill) properly to prevent fraud-forges?				
50	a) Does the bank verify the credit worthiness of foreign buyer to ensure repatriation of export proceeds?				
	b) Does the bank report un-repatriated export proceeds to BB in due time?				
51	Is there any instance of violation of limits set by the bank for treasury functions? If yes, mention the number of instances and amount there against.				
52	a) Does the bank ensure reconciliation of Nostro Accounts on regular basis and report the same to the higher authority?				
	b) Does the bank have un-reconciled entries for more than 3 months in Nostro Accounts? if yes, is provision maintained against that?				
Information and Communication Technology (ICT)					
53	Does the bank have an 'ICT Security Policy' in line with BB guidelines as well as the business objectives?				
54	Does the bank review its 'ICT Security Policy' at least once in a year to cope with the evolving changes in the ICT environment and have it approved by the Board of Directors?				
55	Does the bank carry out Information System (IS) audit (internal/external) at least once a year to find out weaknesses in the systems and take appropriate measures to mitigate the risks?				
56	Does the bank ensure implementation of privileged access control system to monitor the activities of privileged users like System Administrators, Database Administrators, Backup Administrators, Key Business Users, etc.?				

(Signature)
Initiating Officer

(Signature)
Head of Compliance

Sl. No.	Particulars	Yes	No	Partial	Remarks (if any)
57	Does the bank undertake periodic vulnerability assessment and penetration testing procedures to find out threats and vulnerabilities and take relevant remediation?				
58	Are there appropriate risk mitigation measures like operating time schedule for the users, transaction limit, transaction frequency limit, AML checks, etc. depending on the risk perception, unless otherwise mandated by the Bangladesh Bank?				
59	Has the bank established an incident management process to log all incidents for proper resolution and future reference and a CERT (Computer Emergency Response Team) to respond immediately when necessary?				
60	Does the bank have implemented Fraud Management Controls to prevent online fraudulent transactions from different delivery channels like ATM, POS, Internet Banking, E-commerce, Mobile Banking, etc. based on different business logics like transaction frequency, transaction geo-location, transaction pattern, etc.				
61	Are the 'high value' transactions approved by appropriate personnel having proper Delegation of Authority (DOA)?				
62	Does the system generate daily transaction report for high value transactions and send it to internal compliance unit?				
63	Does the bank have implemented Automated Customer Alerts (SMS, Email) for any kind of transactions like withdrawal, deposit, transfer, etc.?				
64	Is there any system in place to store and archive Database, Perimeter and Core Devices, Web Server and Mission Critical Servers log files for monitoring and pointing out suspicious attempts and activities?				
65	Is there any central monitoring system to follow-up ATM Cash Balance status, Loading/Unloading activities, ATM disorder and malfunction, etc.?				
66	Is there any established procedure to segregate the Card personalization, PIN generation, and Card distribution activities?				
67	Are the appropriate measures taken to prevent counterfeit and skimming cards at ATM?				
68	Are the appropriate measures taken to prevent Email security threats like SPAM, Phishing, Spoofing, Flooding, Hoaxes, etc.?				
69	Does the bank have implemented dynamic OTP (One-Time Password) or Security Token as 2FA (Two Factor Authentication) for online transactions like Ecommerce, Internet Banking?				
70	Has the bank implemented Dual Control System for- <ul style="list-style-type: none"> ▪ SWIFT transactions ▪ Cash loading/unloading in ATM ▪ Branch Teller transactions (as per DOA) 				
71	Is there any practice of accompanying vendor support personnel by bank's official while working at sensitive area like Data Center?				
72	Is a mechanism in place to encrypt sensitive information in portable devices like Laptop, External HDD, Tape Drive, etc. and also travelling through public network?				
73	Are all external network connections routed through a Firewall?				

(Signature)
Initiating Officer

(Signature)
Head of Compliance

Sl. No.	Particulars	Yes	No	Partial	Remarks (if any)
74	Does the bank have technological enforcement to all employees for changing their passwords periodically as per bank's ICT Security Policy?				
75	Does the bank follow appropriate Procurement Policy for procuring any kind of IT services like Hardware, Software, Support, Consultation, etc.?				
76	Has the bank taken appropriate measures to accommodate all controls and practices stated in the guidelines on Core Banking Solution (CBS) Features and Controls?				
77	Does the bank distribute Computers, Laptops and electronic gadgets to end users from their ICT Division to maintain a set standard of Hardware configuration and Software installation?				
78	Does the bank put restrictions on connecting BYODs (Bring Your Own Devices) and external devices to bank's network?				

Questions are to be answered using 'v' mark in the respective column.

The supporting documents/papers in favor of 'yes/partial' answers have to be preserved in the ICC Department for future reference.

(Signature and seal including name)

Head of Compliance

(Signature and seal including name)

Head of ICCD

Bank Name:

Statement of Fraud and Forgeries detected during reporting period

Sl. no.	Type of fraud	Techniques applied to make fraud	Name of the Branch	Date of		Amount involved	Adjustment of the defrauded amount (recovered from concerned person/write off or other way)	Name of the Officers/Employees/ others involved	Action taken against the delinquent Officers/ Persons	Current status of the case	Initiatives taken to prevent recurrence of the incidents	Remarks
				Occurrence	Detection							
1	2	3	4	5	6	7	8	9	10	11	12	13

*In case of no detection of fraud-forgeries, NIL statement has to be submitted.

Bank Name:

**Statement of Fraud and Forgeries detected and unsettled up to the previous reporting
period since the inception of the bank**

Sl. no.	Type of fraud	Techniques applied to make fraud	Name of the Branch	Date of		Amount involved	Adjustment of the defrauded amount (recovered from concerned person/write off or other way)	Name of the Officers/ Employees/others involved	Action taken against the delinquent Officers/ Persons	Current status of the case	Initiatives taken to prevent recurrence of the incidents	Remarks
				Occurrence	Detection							
1	2	3	4	5	6	7	8	9	10	11	12	13

*In case of no such fraud-forgeries, NIL statement has to be submitted.