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LIC of India Staff Co-operative Urban Bank Ltd.
Internal/Office Accounts – maintenance policy

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The RBI in its Circular No.DOS.CO.PPG/SEC.06/11.01.006/2023-24 dt.02.11.2023 insists the need for establishing a sound and effective control mechanism for opening & operation of all internal /office accounts. The RBI also emphasized on the need for a sound /effective control-over the internal accounts opening/operation mechanism. It also advised the Urban Co-operative Banks to frame a sound policy called internal /office accounts maintenance policy.

This policy is called Internal/Office Accounts / maintenance policy of LIC of India Staff Co-operative Urban Bank Ltd. No 3314. This policy was placed before the meeting of Board of Directors held on 17/08/2024 and was approved vide Res.No.XII. This policy shall be valid up to 31/03/2026. The validity of this policy maybe extended later for further period after thorough review

This Internal Bank Accounts refer to the service domain manages holding accounts, mirror accounts, working accounts etc. That are required for the booking of that part of a transaction in the bank, that is not to be booked on a customer account directly when an internal account is opened- the bank should verify the uncleared transaction, arrive at balance, provide report on movements initialize the internal bank account, support Account reconciliation and reporting requirements.

Object.

1. The main object of the Internal Accounts maintenance policy is to curb Frauds/malpractices, the opening, operating reviewing monitoring of transactions.
2. Periodic reconciliation of internal accounts under the senior management level.
3. It is to be reviewed by the Audit Committee of the Board.
4. It should also to be checked by Concurrent Auditor/Internal Auditor.
5. An one time comprehensive audit through statutory Auditor to check the compliance specifically With respect to policy rationalization of number of internal accounts, system and controls, reconciliation, monitoring and review. The findings along with the steps taken for rectification of

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the identified deficiencies as placed to the ACB may be informed to the RB's Senior Supervisory Manager.

6. Periodic review of the position pertaining to opening of internal / office accounts, the purpose for which used and their reconciliations should be conducted the findings should be placed before the ACB and deviation, or instances of malpractices, if any, may be dealt with severely.

The policy insists that the internal accounts should be opened only with the approval of the Branch Manager. There must also be a risk based reconciliation of internal accounts. All the internal accounts transaction to be viewed /verified periodically. Abnormal transaction if any to be identified by the system (CBS) itself. All the transaction in the internal accounts to be verified by the internal Auditor. Long pending entries in the internal accounts to be brought to the notice of the management.

Internal accounts opened operated by the bank for special purposes to be adjusted within 6 months from the date of opening.