



## How do you see Internal Audit (IA) function at Vivriti?

The IA function is a strong pillar in the Corporate Governance at Vivriti. The Board and the senior management have laid down the IA policy that provides the Internal Audit the independence and transparency that it needs for its smooth and effective functioning. The Board meets the Head of Internal Audit (HIA) every quarter and the outcome of various audits undertaken, emerging risks, and steps for mitigation are discussed at large. The audit function was established in 2022 and has been strengthened by adding relevant expertise to the team both internally and externally. The management has a clear focus on the identification of real risks and timely mitigation of the same, with an objective to build and establish the best practices, while safeguarding the interest of the customers and various other stakeholders.



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## How has our internal audit approach adapted to the risk management in NBFCs?

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With the increased use of technology and the objective to process and disburse faster than before, NBFCs are today targeting to capture maximum portfolio. However, at Vivriti, we focus on risk mitigation at each level and activity in the loan origination process. We ensure that our risk management is governed by strong policies and processes and that these are adhered to and adopted by the risk and credit teams. While the Risk team and Credit team undertake due diligence, we, as part of the audit process focus on how effectively the diligence has been conducted, using standard procedures as laid down in the policy, and how various risks have been assessed during the discussions with the Credit Committee. The audit procedure targets to assess if all kinds of risks were rightly identified, and necessary safeguards were ensured before moving ahead with any financial transaction.





## **What steps are taken to ensure compliance with regulatory requirements specific to lending in the mid-market space?**

Vivriti as a group has adopted strong policies that are in line with the laid down regulations. The Board and the management are very particular in compliance with the regulatory requirements. Both the business and operation teams perform a crucial role in the execution of the customer due diligence. As part of the audit procedures, we perform a quarterly check on new customer onboarding and disbursements to validate if the customer identification and due diligence have been performed as per the regulatory guidelines and policies defined by the company.



## **What measures are in place to ensure the integrity and accuracy of financial reporting?**

The testing of financial controls is an integral and crucial part of the overall internal audit mechanism. Detailed risk registers are defined across all financial processes. Financial controls are tested both at design and operating levels to assess their efficacy and operating effectiveness. Vivriti as a group fosters strong financial controls that are appropriate for the size of its business.





## How does the internal audit team leverage technology and data analytics in the auditing process?

The Internal audit team has access to the loan origination and loan management systems whereby we can extract reports and review documents. Currently, the data is extracted and analysed manually using MS Excel, however, the team is working closely with the data analytics team which is establishing an independent data lake for the company and shall also help the IA function in establishing standard exception reports.

