

SIP Audit

Client Description

- The client is a fast growing premier fund house in India.
- They serve over 60% assets of the industry across 15 Mutual Funds and are a technology enabled service solutions partner.
- They boast 25 years of track record of excellence.

Business Challenge & Drivers

- While SIP was offering flexibility to their customers, it also brought on the hassles of the accounting operations for the AMC.
- With the high volumes, erroneous data entries were considerable, and customer dissatisfaction on the climb.
- Plenty of errors were occurring during the time of data entry, and then during transaction triggers, in typical areas of the process:
 - incorrect amounts
 - wrong SIP start date and end date
 - improper periodicity
 - incorrect schemes
 - inaccurate bank details
- These errors bore a significant monetary impact.

Solution Approach

- SmartAudit took over one unit in June 2016 for an SIP audit
- For just the first one month audits for 46,349 transactions were done. 5185 errors were found.
- Data was validated and checked for accuracy in capturing the right information, amount being invested, the date and periods (quarterly, half yearly), whether it was being put into the right fund and so on.
- Quality checks were run for every step of the process.
- Each new SIP registration was audited, and each field that was data captured was validated.
- SIP transactions were reconciled end-to-end, beginning with the reconciliation of triggered transactions against the bank feed, ensuring that all transactions that should have been triggered were, in fact, triggered, and reconciling un-cleared amounts.
- The feedback was passed on to the data entry team so that they could try to arrest the errors at the root source.
- After auditing, the number of errors were measured based on the feedback from customers or the AMC to ensure that it is less than 0.1%.
- This gave clients complete control over their SIP.
- The *Smart 999* program was implemented.



(Name withheld to maintain confidentiality)

“We leave Internal/Ops Audit to the experts. It helps us concentrate on our core competencies”

Brokerage Audit

Key Highlights

Benefits realized with the SIP audit:

- As a result, in July 2016 the feedback responses received from customers shrank to under 10.
- Errors were addressed at the root by identifying errors at the time of registration of the SIP.
- Investor dissatisfaction was reduced so the RTA didn't need as many people to handle investor requests.
- AMC satisfaction levels increased.
- All records were matched without discrepancies after the comprehensive monthly reconciliation, and ensured that triggered transactions were reconciled with ECS debits.
- Since it was ensured that the first transaction was made error free, it prevented future transactions from being inaccurate, too.
- The implementation of Smart 999 was the assurance of quality of data.

Conclusion

Currently, SmartAudit audits about 50k transactions a month and continues to deliver the Smart999 standard, which translates to 99.9% quality.

SmartAudit was able to deal with the volume of work and deliver the quality promised given the skill and experience of its team:

- Deep industry knowledge
- Thorough understanding and implementation of the SIP audit processes
- Wholesome audit capabilities
- Contributed to the overall financial health of the AMC