

VERIFYING CUSTOMERS' ACCOUNTS

Introduction

1. (a) Sections 30 and 31 of the Banking (Service to Customer)(Full Disclosure and Submission of Documents) Rules, 5752–1992 determined the obligation to send bank statements to customers.
- (b) The regulations below refer to the procedures for implementing the sending of the aforesaid bank statements to customers, within the framework of the procedures implemented by the management of a banking corporation in connection with the verification of customers' accounts, as part of the internal control process.
- (c) The management can charge the internal auditor with the task of directly supervising the implementation of these procedures, or it can ask the accountant to fulfill some of these tasks in addition to his duties as auditor, as it sees fit.
- (d) When sampling is mentioned in these procedures the reference is to statistical sampling.

Sending bank statements - implementation

2. (a) Bank statements shall be sent from a head or regional office, and not from the branch where the account is maintained nor by an employee who is connected in any way with the administration of the account.
- (b) The envelopes in which the bank statements are sent, shall bear as their return address the address of the office from which they were sent. Internal control procedures shall be established to ensure that returned mail is transferred for further processing in a controlled way.
- (c) With regard to those customers who have specifically requested in writing that their bank statements shall not be sent by mail, special controllable procedures shall be established to determine both the way the bank statements shall be delivered to these customers and the way the register of these customers is to be administered.

- (d) With regard to dormant accounts and dormant custody deposit accounts, special arrangements supervised by the internal auditor shall be established.

Requests for confirmation of balances by customers

3. (a) Customers will be asked to confirm the accuracy of the balances in their accounts once a year on a form to be sent to them by the banking corporation. The requests will be addressed to all the various kinds of account-holders on the basis of a representative sample, and they will be asked to send their confirmations to the internal auditor (preferably to a special mailbox).
- (b) A banking corporation that enables its customers to obtain printouts of their bank statements from a computer terminal may ask them, via printing in the computer terminal, to confirm the accuracy of the balances. The customer's confirmation shall be transferred to the internal auditor. If a customer has not taken a printout of his bank statement from a terminal within a specified time, a request as aforesaid in subsection (a) shall be sent to him.
- (c) With regard to accounts of the kind mentioned in sections 2(c) and 2(d) above, special arrangements shall also be made for requests for confirmation of balances.
- (d) The banking corporations shall request full confirmation, not on the basis of a statistical sample, in the following cases:
- (1) If the account shows a balance above a certain amount, to be determined by the management of the banking corporation;
 - (2) For an account in which a transaction above a certain amount, to be determined by the management of the banking corporation, has been made.
- (e) The internal auditor shall ascertain that the confirmation requests have been sent, received, and examined.

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