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# QUALITY OF EVALUATION AUDIT METHODOLOGY

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HQHB



DATE  
08th February 2024

## **Objective of the Quality of Evaluation Audit**

The objective of quality of evaluation audit is to have

- Accuracy of profile
- Completeness of the application
- Proper documentation as per the purpose of the application.
- To check if proper evaluation been done on the basis of the recommended guidelines in each of the below assessment dimensions.
  - i. Values
  - ii. Credibility
  - iii. Purpose and Amount
  - iv. Ability to repay
  - v. Security.

To evaluate the application effectively, various metrics such as ROI, profit margin, capital growth, etc., should be utilized according to the application's purpose.

## **Quality of Evaluation Audit Methodology**

Quality of evaluation audit is performed in two phases:

### 1) Software audit.

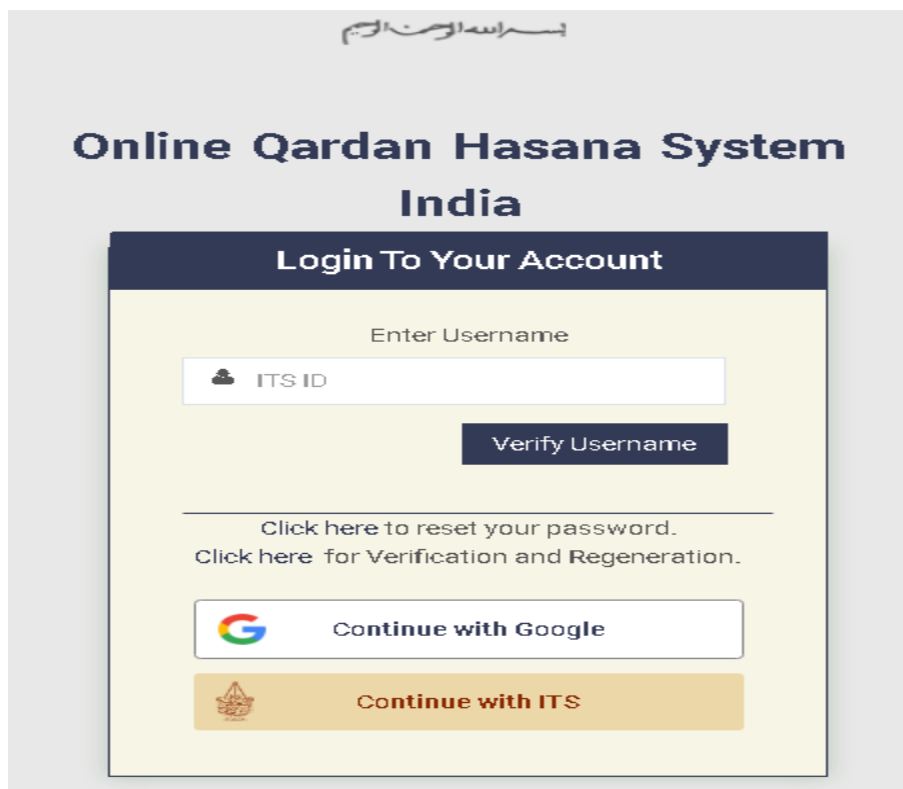
- Applicant profile and work details
- Application
- Documentation
- Evaluation

### 2) Call with committee

The call is organized by operations or takes place during UKK calls, where audit findings are shared, and discussions on improvement points include planning the way forward.

**Phase I- Software Audit:** In Software audit, the below methodology is followed:

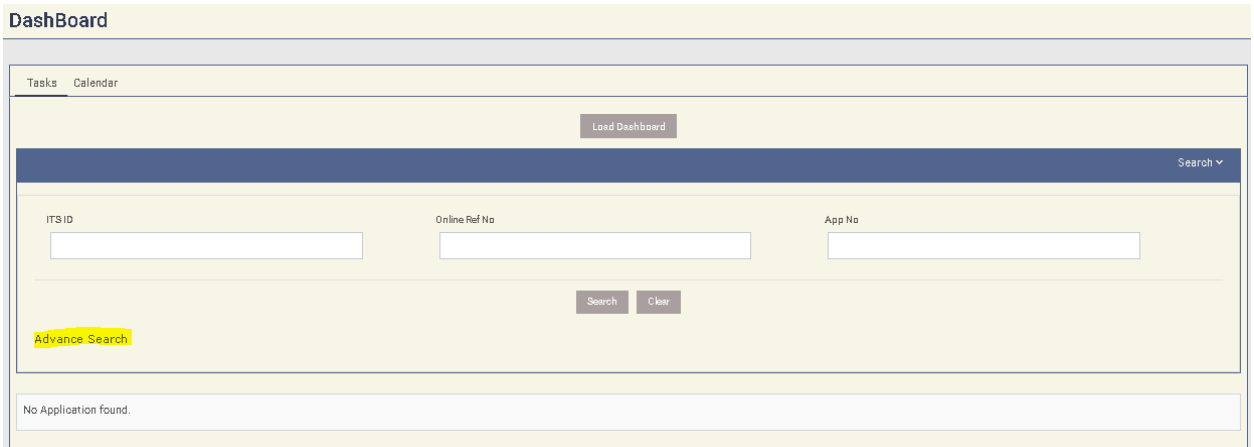
- **Selection of Mauze/ Trust to be Audit.**
  - Select “Jamiyat” on either instruction from lead / management to audit particular Jamiyat (all/few of its mawaze).
  - Or pick Jamiyat and its sub-mawaze as per random base as this audit is targeted to be performed for 100% of the Jamiyat and mawazes.
  - Or an audit must be conducted for Mawaze/Trust eligible for disbursement under the UKK (Uyun Khairat Kamilah) scheme. This audit should be performed before the HQHB interview or the disbursement whichever is earlier. The list of entities to be audited should be obtained from the relevant department one month prior to the disbursement month. i.e February month UKK disbursement list should be receive in the first week of January.
  
- Login with credentials on QH website for specific Jamiyat  
Link: <https://qardanhasana.org/admin/Default.aspx>



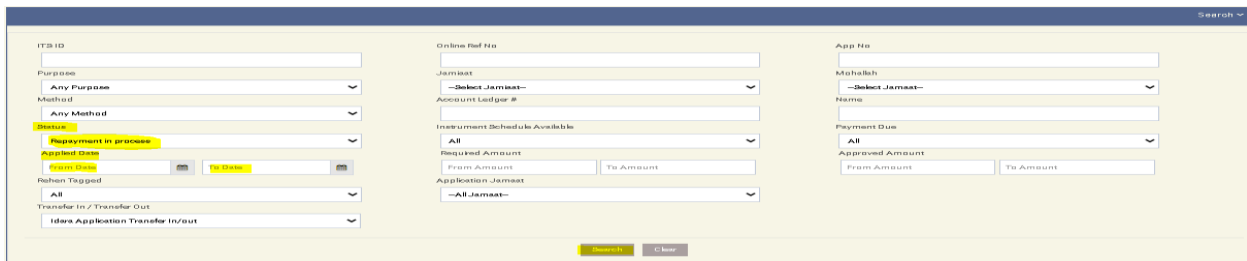
- Once the user login, the below homepage appears wherein user can select the Sub-Mawaze for the Jamiyat for which he/she has logged in



- Select Mawaze to be audited from the above screen to begin software audit, once Mawaze is selected, the below screen will appear, from which “Advance Search” option to be selected



- The below screen will appear wherein the status to be selected “Repayment in Process” which will fetch the latest QH applications which are already being processed in descending order (latest date application to older dates). Also user can do filter to the options as per audit requirement from the below screen



- Once the above selection is done, the below screen will appear wherein user needs to begin his/her audit by “Assessment methodology” which includes “Approved Amount”, “Purpose”, “Applied Date” etc..

The audit period needs to be manually selected for the most recent quarter ending.

For opening the application, user can click on any of the reference number (see all the yellow marked details for reference in below screen).

Online Ref No	App No	ITSI ID	Full Name	Applied Date	Purpose	Required Amount	Approved Amount	Status	Jamaat Name	Documents	Action
127233	21481			27/12/2023	Expansion Business	₹ 40,00,000.00	₹ 40,00,000.00	Repayment in process (Approved By Trustees)	SAIFEE MOHALLAH (POONA)	Uploaded Online	Instrument schedule
127205	21478			26/12/2023	New Business	₹ 6,00,000.00	₹ 5,00,000.00	Repayment in process	HASANLI NAGAR (POONA)	Uploaded Online	Instrument schedule
126924	21473			14/12/2023	Deeni/Personal	₹ 15,00,000.00	₹ 15,00,000.00	Repayment in process (Approved By Trustees)	POONA	Uploaded Online	Instrument schedule
126120	21476			07/12/2023	Residence	₹ 3,00,000.00	₹ 3,00,000.00	Repayment in process (Approved By Trustees)	POONA	Uploaded Online	Instrument schedule
125965	21483			29/12/2023	Expansion Business	₹ 2,00,000.00	₹ 2,00,000.00	Repayment in process (Approved By Trustees)	POONA	Manually Dropped	Instrument schedule
125945	21469			07/12/2023	Expansion Business	₹ 1,50,000.00	₹ 1,50,000.00	Repayment in process (Approved By Trustees)	IMADI MOHALLA (POONA)	Uploaded Online	Instrument schedule
125514	21435			02/12/2023	Deeni/Personal	₹ 7,00,000.00	₹ 4,00,000.00	Repayment in process	MUFADDAL MOHALLA (POONA)	Manually Dropped	Instrument schedule

- Assessment Methodology for sample audit:-

- 15% to 20% of the application received in quarter (3 months), with a aim to cover atleast 50% of trustee evaluated applications.
- Application approved amount above 50 lakhs.
- From Overall at least one application should be audited from each purpose (Expansion Business, New Business , Medical , Ziyarat, Deeni/Personal, Education, Residence, etc).

- Once the QH application is open, simultaneously open the “QH Audit score sheet” file

➤ Review the “Profile Section” in software with the below methodology:

- 1) Record the applicant's income, expenses, and the income of their family members from the software section provided below into the score sheet file.

Applicant’s self-income screen:

Annual Personal Income And Expense		(view current personal income and expense) ▾	
Annual Personal Income	55,000.00	Annual Personal Expense	15,000.00

Applicant’s family income screen:

Family Details (Mandatory For QH Application)						
Contact Info of Family Members						
ITS ID	FullName	Cell #	Email	Monthly Income	Age	Is Dependent
2000064	Shabbir bhai Sa...	+91...	ir...	0.00	74	Yes
3000059	Saida bai S...	+91...	ir...	0.00	62	Yes
4000096	Batul bai M...	+91...	ir...	0.00	11	Yes

➤ Options screen

My Decision	Applicant	Work Details	Application	Documents	Evaluation	Comments	Status History	Sanctioning Allocation
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- From the above Options screen, next step is to check its “Work Details”, in work details, the profile is being already created by the QH applicant and is approved by QH committee so the details are being assumed to be verified already by the QH committee members prior they approve.

**Business/Employment Information**

Mode of Work: Service

Designation: Engineer

Name of Organization: C... industries Pvt. Ltd. Address of Organization: Pune

WorkPhone: +9 20000000000 Work Email: murtuza.dholkawala@n... (Optional)

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**Work Information Extended (MANDATORY FOR APPLICATION OF QARDAN HASANA):**

Type of business of your organization:  Manufacturer  Distributor  Retail  Wholesale  Service Provider  Home Industry  Agriculture  Self Employed Professional

Type Of Services:  Professional  Artisan  Manual/ Technical labourer

**Professional**

Type of Employment: Fulltime Wage Type: Salary Work Experience: 0.6

Business Category Head:  Agriculture  Automobiles  Clothing & Accessories  Construction, Home & Garden  Electronics & Electricals  Energy, Metals & Plastic  Food & Refreshment  Gems & Jewellery  Gifts, Office Supplies & Packaging  Health & Personal Care, Sports  Home Industry  Machinery, Industrial Parts & Tools, Marine  Services

**Food & Refreshment**

Edible Oil & Allied Products

Annual Salary: ₹21,60,000.00

From the above **three** screens (1. Applicant’s self-income screen, 2. Applicant’s family income screen and 3. Work Profile – Annual Turnover and Annual Income screen) auditor needs to validate the accuracy of the income from the below parameters in score sheet and accordingly scores to be given:

**Parameter 1 – Annual Income accuracy:** To be validated through multiple or any of the docs uploaded in the document section like - Balance Sheet/ Bank Statement volume/ Salary slip/ IT return to be checked in Document section.

Incase of any of these missing docs, the alignment of income mentioned in the above **three** income screens will be judged and accordingly scores will be given.

My Decision Applicant Work Details Application **Documents**

**Documents**

**Upload required documents**

**Business Plan** [Click here to view document](#)

Waraqat-UI Tarkhis [Click here to view document](#)

**ITR INCOME TAX RETURN** [Click here to view document](#)

Bank Statements of last 6 Months [Click here to view document](#)

**Bank statement doc:** The volume of the transactions will be checked manually by auditor by seeing the uploaded Bank Statement doc by which monthly volume amount will enable to gauge the repayment of “monthly repayment of QH”

**Balance Sheet/ P&L doc/ IT ret:** This doc will be used to validate the “Work Profile” annual turnover and annual profit figures to some extent

**Parameter 2 – Annual Profit Accuracy:** To be validated through multiple or any of the docs like - Balance Sheet/ P&L acc, Current & Future income projections mentioned in “Application” tab, Evaluation section- “Credibility” , Work Profile profit figures etc.

**Parameter 3 – Annual Turnover validation:** To be validated through Sales ledger and Work Profile annual turnover figures. Incase of missing of Sales Ledger, the judgment can be made by going through Bank statement volumes or Evaluation section- “Credibility” or remarks/comments in the software.

**Parameter 4 – Means of Financing /QH purpose:** To be validated through details updated in application tab wherein the details of self-contribution of capital by applicant, amount arranged from relatives/friends and means of financing accuracy check accordingly to the purpose of the application.

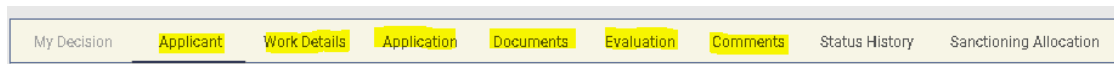
**Scoring Methodology for the above four parameters:**

The score of **5** will be given for the values updated in three income screen/Profit screen/Annual Turnover screen/Application screen is in line up with each other **OR** Work Profile values are in line up with documents uploaded like Bank Statement/ Balance Sheet/ IT Return (with deviation of 20~30% of figure due to cash sales factor)

For partial documents or deviation of >30% between values updated in three income screen vs Docs uploaded, the score of **2.5** will be given

For missing docs wherein auditor is unable to validate the three income screen values with documents, then the scoring will be given as **ZERO**

**The second section in Audit score sheet file is “Evaluation”, this needs to be reviewed through software application itself by selecting “Evaluation” (see Option screen)**



- If the Evaluation comments are blank in software, the scoring will be given zero in audit score sheet



- If there is any comment mentioned in evaluation, that will give fair idea as to what checks are being performed by QH committee, and accordingly scores will be given on the statement judgment by verifying the details filled in “Application” tab and documents verification
- Even if comments are blank, still the evaluation parameters are being audited through below methodology (but it is not limited solely to those parameters):

**Values:** Auditor needs to verify the Bank statement doc to see if there is any “Interest” bank entries, or any transaction which could indicate Moharammat like payment transactions to gaming websites to earn through gambling, any Loans , Insurance/ SIP/ Mutual Fund, Bank Overdraft, Investment in Stock market, Savings Bank Account interest credit etc.

**Credibility:** Auditor needs to verify the bank statement doc to see if there is any cheque bounce by which his credibility could be gauge to some extent, charity amount from any organization, Any credit amount which could indicate a debt from other or personal source.

**Purpose and Amount:** This is to be verified through “Application” tab in option screen and also verifying purpose docs like business plan, feasibility report etc.

**Ability to repay:** Auditor needs to verify the bank statement doc to see if there is any cheque bounce, his monthly turnover bank amount is in line up with monthly repayment amount at least to decent extent.

**Security :**

- **Guarantors:** This could be checked by viewing the guarantors screen in software which is available in “Application” option

S.No	Image	ITS ID	Full Name	Per App Amount	Approved Amt	Approved Cnt	Pending Amt	Pending Cnt	Rating
1			wiwala	6,00,000.00	39,37,750.00	8	5,00,000.00	2	-
2			Rakimuddin bhai Bandoikwala	6,00,000.00	0.00	0	0.00	0	-

- **Rehen:** Rehen amount to be checked at home screen. For the applications which Rehen is less than 70%, for those application need to check the documentation should be 100% accurate which will give a fair explanation

that due to valid and strong documentations, the purpose is valid and other factors are genuine by which the application is processed with lesser Rehen. (Incase of missing documentation upload, the Resolution of Meeting/ MOM should be uploaded wherein the discussion occurred to process the application with lesser Rehen is agreed by majority of Members citing the applicant's genuine requirement).

### **Scoring Methodology of Evaluation:**

The score of **5** will be given for comments updated are being validated with Documents uploaded

The score of **2.5** will be given if Comments updated but documents missing

The score **Zero** will be given if comments are blank OR Comments updated but not matching with Documents uploaded OR Comments updated but missing docs (as per case to case severity by judgment)

### **Phase II- QH Committee Call:**

This call is scheduled by/with the OFC or/and HQHB coordinator and mauze / trust committee / sub-committee members OR UKK call

During call, it starts with the general guidelines of how committee should work in respect to QH software parameters accuracy and the work which is performed at back-end which is being noted and feedback is provided in final audit report.

The above parameters of Phase I Software Audit findings are being shared and accordingly discussion are done to improve and way forward plan in regards to : Profile Correctness, Work profile accuracies, Documents, Application, Evaluation section.

No scoring will be given in this section, as it is more of verbal discussion/ awareness.

The following points should also be discussed with the committee member to assess the findings of the Qardan Hasana interview.

- 1) Discussion based on QH purpose with motive to assist in best possible manner by suggesting inputs in regards to application nature- Business, Home, Education, Personal
- 2) Ensuring there are no rescheduling of interview due to any missing documents. i.e. as per nature of application, prior intimation (through email/ what Sapp/

SMS) to carry the required documents to be informed to applicant in interview itself

- 3) Rehen requirement to be discussed at the end of interview, and QH amount disbursement decision to be based on requirement of applicant purpose rather than just rehen valuation. In case of lesser rehen, if the application is genuine and potential in benefitting, evaluation comments should include the "comment" which describe that application processed while considering lesser rehen due to genuine need/strong prospects.

Based on their response, findings and comments will be mentioned in final audit report.

Any shortcomings in these parameters are addressed during calls, and members are advised to follow them going forward. These discussions are documented in post-meeting call minutes, shared via email, or included in the audit report under findings and recommendations.

No scoring will be given in this section, as it is more of verbal discussion/ awareness.

Post completion of above two phases of Audit, Quality Evaluation Audit final report is prepared and shared with Management, coordination.ops , grading.compliance department who reviews and sends to that mawaze accordingly.

**Exception:**

In case of the Phase I- Software audit is being performed but call with committee / UKK call is cancelled or delayed, still this audit report will be valid as findings are based on the evidence. The audit report could be used within 3 months to present during the Call with Committee members.

In case if Committee calls or UKK call with Mawaze is delayed by more than 3 months, then the additional "Sanity check" audit will be performed by checking Random QH applications of latest dates / quarter, and that findings will be added in earlier audit report and the same will be mentioned in audit report.

**-End of the document-**