

## **PARTNER MICROCREDIT FOUNDATION USES INTERNAL AUDIT TO DETECT RISKY LENDING**

**Partner Microcredit Foundation (Bosnia-Herzegovina)** uses Internal Audit to detect lending practices that could increase client over-indebtedness. Internal auditors regularly visit all branches, and they use a random sampling technique to select clients to interview from each branch. Auditors visit two groups of clients, selected at random: the first group of clients includes all types of clients, while the second sample is selected from delinquent clients only. Each client responds to a detailed questionnaire that auditors use to detect procedural violations by loan officers. The questionnaires also solicit general information on household debt levels. By focusing specifically on delinquent clients, auditors can determine if and how Partner policies or credit employees may have contributed to client over-indebtedness.