

**REQUEST FOR PROPOSAL (RFP)**

**For**

**Selection of audit firm for co- source of Internal audit function and assisting Bank of Baroda's , proposed Retail Subsidiary [Bank of Baroda (UK) Ltd.] to carry out Internal audits as per the requirement of the Regulators Prudential Regulation Authority( PRA) and the Financial Conduct Authority( FCA)**

**Bank of Baroda**  
**Group Control Office**  
**32 City Road**  
**London EC1Y 2BD**  
**United Kingdom**

**[A] Important Dates:**

1. Issuance of RFP Document by Bank from : 05.05.2017
2. Last Date of Submission of Response by the Bidder : 02.06.2017

Technical Bids for RFP will be opened on the: 09.06.2017

Financial Bids for RFP will be opened on the: 15.06.2017

**[B] Important Clarifications:**

Following terms are used in the document interchangeably to mean:

1. BOB, BoB, Bank of Baroda (UK) Ltd (The proposed Retail subsidiary) and Bank means "Bank of Baroda".
2. Recipient, Respondent Bidder and Consultancy firm means "Respondent to the RFP Document".
3. RFP means the "Current RFP Document"

**Confidentiality**

*This document is meant for the specific use by the Company / person/s interested to participate in the current tendering process. This document in its entirety is subject to Copyright laws. Bank of Baroda expects the bidders or any person (s) acting on behalf of the bidders to strictly adhere to the instructions given in the document and maintain confidentiality of information. The bidders will be held responsible for any misuse of the information contained in the document and liable to be prosecuted by Bank of Baroda in the event of such a circumstance being brought to the notice of the Bank. By downloading the document, the interested party is subject to confidentiality clauses.*

## Section I

### 1. Introduction and Disclaimer

This Request for Proposal document (“**RFP**”) has been prepared solely to enable Bank of Baroda (“**Bank**”) for selection of a suitable consultant for assisting the Bank of Baroda, UK Operations (UK BRANCH) in setting up co source of Internal audit function of the proposed Retail Subsidiary [Bank of Baroda (UK) Ltd.] in UK. The RFP document is not a recommendation, offer or invitation to enter into a contract, agreement or other arrangement in respect of the services. The provision of the services is subject to observance of selection process and appropriate documentation being agreed between Bank of Baroda and any successful bidder as identified after completion of the selection process.

### 2. Information Provided

The RFP document contains statements derived from information that is believed to be reliable at the date obtained but does not purport to provide all of the information that may be necessary or desirable to enable an intending contracting party to determine whether or not to enter into a contract or arrangement with Bank of Baroda in relation to the provision of services.

Neither Bank of Baroda nor any of its employees, agents, contractors, or advisers gives any representation or warranty, express or implied as to the accuracy or completeness of any information or statement given or made in this RFP document. Neither Bank of Baroda nor any of its employees, agents, contractors, or advisers has carried out or will carry out an independent audit or verification or due diligence exercise in relation to the contents of any part of the RFP document.

### 3. For Respondent Only

The RFP document is intended solely for the information of the party to whom it is issued (“the **Recipient**” or “the **Respondent**”) and no other person or organisation.

### 4. Confidentiality

The RFP document together with all other information, materials, specifications or other documents provided by Bank of Baroda shall be treated at all times as confidential by the Recipient and is not to be reproduced, transmitted, or made available by the Recipient to any other party. The Recipient shall not disclose any such information, materials, specifications or other documents to any third parties or to any other part of the Recipients' group or use them for any purpose other than for the preparation and submission of a response to this RFP nor shall the Recipient publicise Bank of Baroda's name or the project without the prior written consent of Bank of Baroda.

Recipients shall ensure that all third parties to whom disclosure is made shall keep any such information, materials, specifications or other documents confidential and not disclose them to any other third party except as set out above.

Recipients must seek the approval of Bank of Baroda before providing to third parties any information provided in confidence by Bank of Baroda or its professional advisers and must maintain a register of all employees and third parties who have access to such information. If so requested by Bank of Baroda, Recipients must make such a register available for immediate inspection by Bank of Baroda or its duly authorised representatives.

The RFP document is provided to the Recipient on the basis of the undertaking of confidentiality given by the Recipient to Bank of Baroda. Bank of Baroda may update or revise the RFP document or any part of it. The Recipient acknowledges that any such revised or amended document is received subject to the same terms and conditions as this original and subject to the same confidentiality undertaking. The Recipient will not disclose or discuss the contents of the RFP document with any officer, employee, consultant, director, agent, or other person associated or affiliated in any way with Bank of Baroda or any of its customers, suppliers, or agents without the prior written consent of Bank of Baroda.

## **5. Disclaimer**

Subject to any law to the contrary, and to the maximum extent permitted by law, Bank of Baroda and its officers, employees, contractors, agents, and advisers disclaim all liability from any loss or damage (whether foreseeable or not) suffered by any person acting on or refraining from acting because of any information, including forecasts, statements, estimates, or projections contained in this RFP document or conduct ancillary to it whether or not the loss or damage arises in connection with any negligence, omission, default, lack of care or misrepresentation on the part of Bank of Baroda or any of its officers, employees, contractors, agents, or advisers.

## **6. Costs Borne by Respondents**

All costs, liabilities and expenses incurred by Recipients / Respondents in any way associated with the development, preparation, and submission of responses, including but not limited to attendance at meetings, discussions, demonstrations, etc. and providing any additional information required by Bank of Baroda, will be borne entirely and exclusively by the Recipient / Respondent.

## **7. No Legal Relationship**

No binding legal relationship will exist between any of the Recipients / Respondents and Bank of Baroda until execution of a contractual agreement.

## 8. Recipient Obligation to Inform Itself

The Recipient must conduct its own investigation and analysis regarding any information contained in the RFP document and the meaning and impact of that information.

## 9. Evaluation of Offers

Each Recipient acknowledges and accepts that Bank of Baroda may, in its absolute discretion, apply whatever criteria it deems appropriate in the selection of organisations, not limited to those selection criteria set out in this RFP document. The RFP document will not be construed as any contract or arrangement, which may result from, the issue of this RFP document or any investigation or review carried out by a Recipient. The Recipient acknowledges by submitting its response to this RFP document that it has not relied on any information, representation, or warranty given in this RFP document.

## 10. Errors and Omissions

Each Recipient should notify Bank of Baroda of any error, omission, or discrepancy found in this RFP document but not later than two business days prior to the due date for lodgement of RFPs.

## 11. Acceptance of Terms

A Recipient will, by responding to Bank of Baroda RFP, be deemed to have accepted the terms as stated above from Para 1 through Para 10.

## 12. Lodgement of RFP Response

### 12.1 RFP Submission & Closing Date : 02.06.2017

RFP Response may be received by the officials indicated below **not later than 5:00 pm (GMT) on 02.06.2017**

Two (2) paper copies and one (1) printable electronic copy (Microsoft Word/PDF/Excel/Powerpoint in Removable Drive (e.g. Pen Drive)) each of both Technical and Commercial Proposals must be submitted to the office of:

**Deputy Chief Executive**  
**Bank of Baroda**  
**Group Control Office**  
**32 City Road**  
**London EC1Y 2BD**  
**United Kingdom**  
**Email: dce.uk@bankofbaroda.com**

## **12.2 Submission will be valid if:**

- i. Copies of the RFP are submitted, subject to clause 12.3, before the aforementioned closing date specified in clause 12.1.
- ii. Submission is not by Fax transmission.
- iii. Response is submitted in two separate sealed envelopes with separate marking "Technical Proposal" & "Commercial Proposal"

All separate copies of RFP and attachments must be provided in a sealed envelope or sachet.

RFP Response shall be signed by a duly authorised director or senior officer of the Respondent.

Bank of Baroda will not consider any late responses to this RFP nor will it consider requests for extension of the time or date fixed for the submission of responses. It may, however, in its own absolute discretion extend the time or date fixed for submission and in such an event Bank of Baroda will notify all Respondents accordingly.

After evaluation is completed, Bank of Baroda will retain copies of all responses to satisfy its audit obligations and for other purposes.

The response to this RFP must be completed in English.

## **12.3 Only One Submission Permitted**

Only one submission of response to RFP by each Consultancy firm / Service Provider will be permitted. In case of partnerships / consortium, only one submission is permitted through the lead consultancy firm / service provider. The RFP application shall be accepted by the Bank only in the original, and the same shall not be accepted if the required details are filled in photocopy of RFP document or sent through facsimile.

## **12.4 Registration of RFP**

Registration will be effected upon Bank of Baroda receiving the RFP response in the above manner (Para 12.1). The submission must contain all documents, information, and details required by this RFP. If the submission to this RFP does not include all the information required or is incomplete or submission is through Fax mode, the RFP may in the sole and absolute discretion of Bank of Baroda be summarily rejected.

All submissions, including any accompanying documents, will become the property of Bank of Baroda. Recipients shall be deemed to license, and grant all rights to, Bank of Baroda to reproduce the whole or any portion of their submission for the purpose of evaluation, to disclose the contents of the submission to other Recipients who have registered a submission and to disclose and/or use the contents of the submission as the basis for any resulting RFP process, notwithstanding any copyright or other intellectual property right that may subsist in the submission or accompanying documents.

### **12.5 Late RFP Policy**

RFPs lodged after the deadline for lodgement of RFPs may be registered by Bank of Baroda and may be considered and evaluated by the evaluation team at the absolute discretion of Bank of Baroda. Respondents are to provide evidence to substantiate the reasons for a late RFP submission. It should be clearly noted that Bank of Baroda has no obligation to accept or act on any reason for a late submitted response to RFP.

Bank of Baroda shall not bear any liability to any person who lodges a late RFP for any reason whatsoever, including RFPs taken to be late only because of another condition of responding.

### **12.6 RFP Validity Period**

RFPs will remain valid and open for evaluation according to their terms for a period of at least six (6) months from the RFP closing date.

### **12.7 Requests for Information**

Software firms interested in submitting the bid, can meet Bank of Baroda official and make a presentation and / or ask for the clarification during the meeting. Any further questions or queries relating to the RFP, technical or otherwise, must be in writing only and should be addressed by email to:

**Contact: Deputy Chief executive**

**Address: Bank of Baroda, Group Control Office, 32 City Road, London, EC1Y 2BD, United Kingdom.**

**Email: [dce.uk@bankofbaroda.com](mailto:dce.uk@bankofbaroda.com)**

Bank of Baroda will not answer any communication initiated by Respondents later than five business days prior to the due date for lodgement of RFPs. However, Bank of Baroda may in its absolute discretion seek, but shall be under no obligation to seek, additional information or material from any Respondents after the RFP closes and all such information and material provided must be taken to form part of that Respondent's response.

Respondents should invariably provide details of their email address (es) as responses to queries will only be provided to the Respondents via email.

If Bank of Baroda in its absolute discretion deems that the originator of the question will gain an advantage by a response to a question, then Bank of Baroda reserves the right to communicate such response to all Respondents.

Bank of Baroda may in its absolute discretion engage in discussion or negotiation with any Respondent (or simultaneously with more than one Respondent) after the RFP closes to improve or clarify any response.

### **13. Evaluation method and selection criteria**

The Technical bids of the respondents shall be evaluated based on the criteria mentioned in point no.4 under section II. The commercial bids of the respondents qualifying the technical bid criteria shall be evaluated as per the criteria mentioned in point no. 5 under Section-II.

Respondents may be invited to provide a presentation of their proposals as part of their response.

Respondents may be contacted nearer the time with a specific date for their presentation to take place.

### **14. Notification**

Bank of Baroda will notify the Respondents in writing as soon as practicable, whether the Respondent's RFP response has been accepted or rejected. Bank of Baroda is not obliged to provide any reasons for any such acceptance or rejection.

### **15. Disqualification**

Any form of canvassing/lobbying/influence/query regarding short listing, status etc. will be a disqualification.

### **16. Timeframe**

The following is an indicative timeframe for the overall selection process.

**Issuance of RFP Document by Bank from: 05.05.2017**

**Last Date of Submission of Response by the Bidder: 02.06.2017**

Technical Bids for RFP will be opened on: 09.06.2017

Financial Bids for RFP will be opened on: 15.06.2017

Acceptance of Work Order: within one week of receipt of work order

SLA and NDA Agreement: to be signed after acceptance of the work order and before commencement of work. Contract to be signed in London, United Kingdom.

Bank of Baroda reserves the right to vary this timeframe at its absolute and sole discretion should the need arise. Changes to the timeframe will be relayed to the affected Respondents during the process.

## **17. Dispute Resolution**

The Recipient and Bank of Baroda shall endeavour their best to amicably settle all disputes arising out of or in connection with the RFP in the following manner:

- a. The Party raising a dispute shall address to the other Party a notice requesting an amicable settlement of the dispute within seven (7) days of receipt of the notice.
- b. The matter will be referred for negotiation between authorized representative of Bank of Baroda and of the Recipient. The matter shall then be resolved between them and the agreed course of action documented within a further period of 15 days.
- c. In case any dispute between the Parties, does not settle by negotiation in the manner as mentioned above, the same shall be resolved exclusively by arbitration and such dispute may be submitted by either party for arbitration within 20 days of the failure of negotiations. Arbitration shall be held in London and conducted in accordance with the provisions of laws applicable for arbitration in England and Wales. The Arbitration proceedings shall be presided by the sole arbitrator appointed by Bank of Baroda.

## **18. Applicable Law and Jurisdiction of Court**

Any disputes between Bank of Baroda and the Recipient arising out of the RFP shall be governed in accordance with the Laws of England for the time being in force.

## **19. Professionalism**

The selected bidder should provide professional, objective and impartial advice at all times and hold the Bank of Baroda's interests paramount and should observe the highest standard of ethics while executing the assignment.

## **20. Execution of SLA**

The selected bidder shall execute a Service Level Agreement, which would include all the services and terms and conditions of the services to be extended as detailed herein and any other conditions as may be prescribed by the Bank. The contract shall be executed by the authorized signatory of the selected bidder.



## Section II

### Project Requirements

#### 1. Current RFP Objectives:

##### a. Project Objective

Bank of Baroda wishes to appoint a suitable Audit firm from the registered chartered accountants' professional body, ICAEW (the Institute of Chartered Accountants in England and Wales), registered with Financial Conduct Authority and Chartered Institute of Internal Auditor for Co-source of Internal audit function.

##### b. Project Scope

A summary description of the envisaged scope is enumerated as under. However, Bank of Baroda reserves its right to change the scope of the RFP considering the size and variety of the requirements and the changing business conditions.

Based on the contents of the RFP, the selected audit firm shall be required to assist Bank of Baroda in the co- source of internal audit function of the proposed retail subsidiary [Bank of Baroda (UK) Ltd] which is undergoing through the authorisation process with the Regulators viz the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

#### 3. Scope of Work

Broad Indicative Audit Plan, Scope, Frequency, approximate expected Mandays is given below:

Ref	Auditable Unit	Frequency	Risk	Man days	FY 2017	FY 2018	FY 2019	Audit Scope/notes
1	Corporate Governance	Two years	Medium	7	Yes	-	Yes	Policy, Committee structure, Roles and responsibilities of committee, Terms of Reference, Business and strategic planning, business change management and control, MI etc
2	Risk Management Framework	Annual	Medium	15	Yes	Yes	Yes	Focussing on Risk Appetite Statement, risk management framework including Operational risk, credit risk, Conduct risk, Market risk, Liquidity Risk its implementation, operations and related M.I.
3	Senior Managers & Certification	Annual		7	Yes	Yes	Yes	Senior management certification regime,



	Regime (SMCR)							Fitness and propriety assessment, annual appraisal and Training, Review of certified person, Evaluation etc.
4	Compliance Function	Annual	High	15	Yes	Yes	Yes	Financial Crime viz -AML, Anti Bribery & Corruption , Gift and Hospitality , fraud Management etc, SYSC attestation: adherence: to applicable guidelines including outsourced activity.
5	Regulatory Reporting including ICAAP and ILAAP	Annual	Medium	10	Yes	Yes	Yes	ICAAP, ILAAP, COREP, Review of various applicable regulatory returns/statement, oversight process and control around the preparation and submission to various regulators.
6	Credit Origination (Loan & advances)	Annual	High	10	Yes	Yes	Yes	Credit Approval Process, Monitoring, collateral management, Assets quality and recovery etc.
7	Credit Monitoring & Recovery	Annual	High	7	Yes	Yes	Yes	Credit monitoring, Prudential norms, Classification of assets as per norms, Recovery Process, assets disposal system etc
8	Retail Branch Review (Two branches every year)	Annual	Medium	10	Yes	Yes	Yes	Focus on branch operation, Systems, Compliance of sanction T & C for advances, Customer service, House Keeping etc
9	Treasury & Investments,	Annual	Medium	10	Yes	Yes	Yes	Treasury operations to focus on Front /Mid /Back office operations including controls to ensure complete & accurate recording, Confirmation and settlement . Market risk, adherence on various limits etc.



10	Human Resources (including Personnel Policy & Remuneration Policy)	Two years		7	Yes		Yes	Audit work include approved person, Competency, Roles and responsibility, Contractual relationship, new recruitment process, payroll , training, performance evaluation.
11	IT & Cyber security	Two years		10	Yes		Yes	User access control, monitoring, data protection act, 3 <sup>rd</sup> party providers, technology security, IT procurement, Security of communications channels, Payment systems, Business continuity plan, Core application/system review and information security etc.
12	Single Customer View	Annual		3	Yes	Yes	Yes	Systems & Process for generating SCV file. Testing of the SCV file in accordance with PRA guidelines.

**Audit firm will have to inter-alia include the following -**

- Co – Source internal auditor to submit the internal Audit Plan.
- Co-Source Internal Auditor to prepare & Document the (i) Internal Audit Methodology, (ii) Internal Audit Policy and (iii) Internal Audit Manual for the Subsidiary.
- Co-sourced Internal Auditor to cover all the above areas of audit periodically as per audit plan.
- Co-sourced Internal Auditor to submit the Internal Audit Report in a timely manner as per Internal Audit Plan.
- Co-sourced Internal Auditor to present Management Information on Internal Audit to the Board Audit Committee at least every quarter or more frequently as directed by the Board Audit Committee.
- Co-sourced Internal Auditor to be present in Audit Committee whenever required.
- Co-sourced Internal Auditor to attend the meetings with the regulators, when required.
- Co-sourced Internal Audit firm to comply with the Chartered Institute of Internal Auditors (CIIA) Code.



The audit firm may be expected to travel outside London for branch review as and when branch review process is required for the same. The audit firm may be required to meet the UK Regulators when required. The Firm expected to carry out Co -Source audit work, is subject to the Audit Regulations and Guidance issued by ICAEW, International Standards on Auditing (UK and Ireland) , the Auditing Practices Board's Ethical Standards promulgated by the Financial Reporting Council and The Chartered Institute of Internal Auditors, UK.

#### 4. Technical Bid Evaluation Criteria

Technical criteria are classified under three (4) broad heads –

Credential of the audit firm
Experience of the Team Members
Conduct of co-source of Internal audit/ Out sourced of Internal audit work in the last 3 years of similar or larger sized banks in United Kingdom.
Should be from the list of independent audit firm in registered with Financial conduct authority (FCA) (Details of its authorisation can be found on the FCA's website <a href="https://register.fca.org.uk/shpo_searchresultspage?search=&amp;TOKEN=3wq1nht7eg7tr">https://register.fca.org.uk/shpo_searchresultspage?search=&amp;TOKEN=3wq1nht7eg7tr</a> ) and also registered with <u>Register of Statutory Auditors</u> for the UK, maintained by ICAEW.

#### 5. Commercial Bid Evaluation Criteria:

The audit firms are required to provide the commercials (Pricing) according to the scope of work and indicative audit plan as per the RFP and its annexure based on assumption that the audit firm shall co- source the Internal audit function and carry out the audit mentioned in indicative audit plan for the Bank of Baroda (UK) Limited (Bank of Baroda proposed retail subsidiary) as per the requirements of the regulators, including Bank of England, PRA and FCA.

Bank of Baroda reserves the right to select the audit firm(s) based on the various combination/matrix/suitability under different work sections/Parts/approach.

### Section III

#### QUESTIONNAIRE OVERVIEW

A questionnaire is set out below. The questionnaire is divided into the following sections:

- General questions.
- Services issues and technical capabilities.

#### **1. GENERAL QUESTIONS**

##### **1.1 Contact details**

- a) Please supply details of the person(s) at your organisation who can be contacted by Bank of Baroda in relation to your response. Please give their name, title, address and location, telephone number, fax number and e-mail address.

##### **1.2 Company details**

- a) Please give details of your company, stating its full registered address and company registration number.
- b) Please set out details of the parent or holding company of the company specified in response to the above question, state where it is registered, ownership details and detail of its and its parent company's subsidiaries and specify the relationship between it and its parent/holding company or whether any group companies are publicly listed and, if so, on which stock exchanges.
- c) Please set out your geographical locations which are relevant to the requirements set out in this RFP and the length of time you have operated from these locations.

##### **1.3 Your Organisation's staff**

- a) Please give details of your staff numbers, skills, duties and locations those who will be associated with the proposed work. Please set out any key skills or employee dependencies and the availability of replacement skills in those areas.
- b) Please explain the organisational and management structure of your organisation (including an organogram of your executive management) and the roles and responsibilities of the management teams involved in relation to the services in the RFP.

#### **1.4 Your history, approach, vision and values**

- a) Please describe in brief terms, your organisation's history and the history of provision of outsourcing services.
- b) Over what period of time have you been providing services which are similar to those which are the subject of RFP.
- c) Please provide details of your corporate and business values and how this affects your organisation and the services it offers.

#### **1.5 Customers**

- a) Please supply a list of customers to whom similar services to those contemplated by the RFP are provided and the types of services being provided.

#### **1.6 References**

- a) Please provide references of work done in the past and the success ratio where services were provided similar to those being contemplated by the RFP.

#### **1.7 Outsourcing experience**

- a) Please provide details of previous experience in providing similar services to the services envisaged in this RFP, particularly your experience which relates to implementation/transition, service levels, regulatory compliance, achievement of economies of scale and value for money. Please provide details of size and scale of these services.
- b) Please specify any additional related services you could offer to Bank of Baroda and the benefits of such services.

#### **1.8 Standards and procedures**

- a) Please provide details of your quality assurance processes and management systems and if applicable any quality related accreditations or certifications you hold.
- b) Please set out your policies, procedures and processes in relation to the protection of all information and data in relation to the services and in relation to other security and confidentiality matters.
- c) Please provide a brief risk management overview of the risks that you foresee in the delivery of each area of the requirements you are responding to. Please categorise these risks according to whether they are risks for Bank of Baroda, for you, or risks that are to be shared jointly. Please specifically state how you propose to manage and/or mitigate these risks.

- d) Please confirm that all goods, services, software and intellectual property which would be provided or supplied by you in the course of the provision of the services are compliant with applicable regulatory framework.
- e) Please give details of the systems and processes that are intended to be used to ensure security of personal customer data.

## **1.9 Insurance**

Please provide details of the levels and kinds of insurance held by your organisation and describe which services and areas such insurance would apply.

## **2. SERVICES ISSUES AND TECHNICAL CAPABILITIES**

### **2.1 Services**

- a) Please specify whether you are able to meet the requirements set out in Section II (Project Requirements) and your methodology for achieving this.
- b) Please specify how your organisation is structured to best provide the services (as detailed in Section II (Project Requirements)).
- c) Please specify the key members of staff that is proposed would be used to provide and manage the service throughout the transitional and operational phases of the project, along with their CVs and other relevant information.
- d) Please specify the proposed dedicated management team from Bank of Baroda's account, where they would be located and whether members of Bank of Baroda's operations team could be based at your operational site on at least a part-time basis.
- e) Please specify the standard service levels proposed in relation to the services to be provided pursuant to the project, and outline the method and frequency of reporting.
- f) Please describe how you would provide these services to Bank of Baroda and how you propose structuring and managing the provision of the services.
- g) What resources would you use to provide these services and give details of these resources, their experience and where they will be based?
- h) Would staff be dedicated to this service or shared with other services or other customers? If they are shared with others, please describe which staff would be shared and how this would work.



- i) Please specify if you would consider off-shoring (outside of the UK) any element of the service, along with details of potential locations, timing and expected benefits of the proposed off-shoring. Please indicate whether these off-shoring services would be provided by you or by a third party and whether new or existing relationships would be used. Please confirm that the off-shoring service levels are at least equivalent to those in the UK. Please confirm that the service can be provided during UK working hours.
- j) Please describe your problem escalation procedure and the timescales for escalating problems in relation to this service.
- k) How would you provide the services within the core hours and outside of the core hours stated? Do you have any limit on the type of cover you would offer at different times of day?
- l) Please describe your competencies and experience in providing these services.
- m) What assets would you be using, those of Bank of Baroda or your own in relation to these services and why? Where would they be located?
- n) What are your own disaster recovery plans for these types of services.
- o) Are there any additional services you can provide or would wish to offer in relation to these services?
- p) Would you propose any different approaches to the provision of these services from that set out in the RFP and if so, please describe.
- q) Are there any new developments in the marketplace or potential technological or any changes in relation to the services which may affect the provision of the services which are subject of the RFP?

## **2.2 Other capabilities**

- a) Please set out any additional capabilities or other services you provide beyond the scope of those contained in the RFP which may be of interest to Bank of Baroda.

**Annexure (i) - Bank of Baroda Subsidiary Indicative Annual Audit Plan:-**

In the table below, an audit requirement rating has been determined for each Business Area, by assessing inherent risk and the strength of the control environment. This has been used to determine the frequency with which Business Areas should be audited, and an indicative annual audit plan.

Ref	Auditable Unit	Frequency	Risk	Man days	FY 2017	FY 2018	FY 2019	Audit Scope/notes
1	Corporate Governance	Two years	Medium	7	Yes	-	Yes	Policy, Committee structure, Roles and responsibilities of committee, Terms of Reference, Business and strategic planning, business change management and control, MI etc
2	Risk Management Framework	Annual	Medium	15	Yes	Yes	Yes	Focussing on Risk Appetite Statement, risk management framework including Operational risk, credit risk, Conduct risk, Market risk, Liquidity Risk its implementation, operations and related M.I.
3	Senior Managers & Certification Regime (SMCR)	Annual		7	Yes	Yes	Yes	Senior management certification regime, Fitness and propriety assessment, annual appraisal and Training, Review of certified person, Evaluation etc.
4	Compliance Function	Annual	High	15	Yes	Yes	Yes	Financial Crime viz -AML, Anti Bribery & Corruption, Gift and Hospitality, fraud Management etc, SYSC attestation: adherence: to applicable guidelines including outsourced activity.
5	Regulatory Reporting including ICAAP and ILAAP	Annual	Medium	10	Yes	Yes	Yes	ICAAP, ILAAP, COREP, Review of various applicable regulatory returns/statement, oversight process and control around the preparation and submission to various regulators.



6	Credit Origination (Loan & advances)	Annual	High	10	Yes	Yes	Yes	Credit Approval Process, Monitoring, collateral management, Assets quality and recovery etc.
7	Credit Monitoring & Recovery	Annual	High	7	Yes	Yes	Yes	Credit monitoring, Prudential norms, Classification of assets as per norms, Recovery Process, assets disposal system etc
8	Retail Branch Review (Two branches every year)	Annual	Medium	10	Yes	Yes	Yes	Focus on branch operation, Systems, Compliance of sanction T & C for advances, Customer service, House Keeping etc
9	Treasury & Investments,	Annual	Medium	10	Yes	Yes	Yes	Treasury operations to focus on Front /Mid /Back office operations including controls to ensure complete & accurate recording, Confirmation and settlement . Market risk, adherence on various limits etc.
10	Human Resources (including Personnel Policy & Remuneration Policy)	Two years		7	Yes		Yes	Audit work include approved person, Competency, Roles and responsibility, Contractual relationship, new recruitment process, payroll , training, performance evaluation.
11	IT & Cyber security	Two years		10	Yes		Yes	User access control, monitoring, data protection act, 3 <sup>rd</sup> party providers, technology security, IT procurement, Security of communications channels, Payment systems, Business continuity plan, Core application/system review and information security etc.
12	Single Customer	Annual		3	Yes	Yes	Yes	Systems & Process for

View								generating SCV file. Testing of the SCV file in accordance with PRA guidelines.
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### **Summary to Indicative Annual Audit Plan year wise-**

#### **Summary of Audits in FY -1**

1	Corporate Governance
2	Risk Management Framework
3	Senior Managers & Certification Regime (SMCR)
4	Compliance Function
5	Regulatory Reporting including ICAAP and ILAAP
6	Credit Origination (Loan & advances)
7	Credit Monitoring & Recovery
8	Retail Branch Review (Two branches every year)
9	Treasury & Investments,
10	Human Resources (including Personnel Policy & Remuneration Policy)
11	IT & Cyber security
12	Single Customer View

#### **Summary of Audits in FY-2**

1	Risk Management Framework
2	Senior Managers & Certification Regime (SMCR)
3	Compliance Function
4	Regulatory Reporting including ICAAP and ILAAP
5	Credit Origination (Loan & advances)
6	Credit Monitoring & Recovery
7	Retail Branch Review (Two branches every year)
8	Treasury & Investments,
9	Single Customer View



### **Summary of Audits in FY -3**

1	Corporate Governance
2	Risk Management Framework
3	Senior Managers & Certification Regime (SMCR)
4	Compliance Function
5	Regulatory Reporting including ICAAP and ILAAP
6	Credit Origination (Loan & advances)
7	Credit Monitoring & Recovery
8	Retail Branch Review (Two branches every year)
9	Treasury & Investments,
10	Human Resources (including Personnel Policy & Remuneration Policy)
11	IT & Cyber security
12	Single Customer View

### **Audit firm will have to inter-alia include the following -**

- Co - Source internal auditor to submit the internal Audit Plan.
- Co-Source Internal Auditor to prepare & Document the (i) Internal Audit Methodology, (ii) Internal Audit Policy and (iii) Internal Audit Manual for the Subsidiary.
- Co-sourced Internal Auditor to cover all the above areas of audit periodically as per audit plan.
- Co-sourced Internal Auditor to submit the Internal Audit Report in a timely manner as per Internal Audit Plan.
- Co-sourced Internal Auditor to present Management Information on Internal Audit to the Board Audit Committee at least every quarter or more frequently as directed by the Board Audit Committee.
- Co-sourced Internal Auditor to be present in Audit Committee whenever required.
- Co-sourced Internal Auditor to attend the meetings with the regulators, when required.
- Co-sourced Internal Audit firm to comply with the Chartered Institute of Internal Auditors (CIIA) Code.

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