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**REQUEST FOR PROPOSAL (RFP)**  
**For External Quality Assurance Review of Internal Audit Department**  
**Tender Reference Number: RFP / IAD / 01/2023-24**  
**Date of issue of RFP: 06.07.2023**

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## 1. Preface

- i) The purpose of this RFP is to solicit proposal from eligible audit firms to conduct External Quality Assurance Review of Internal Audit department, The Federal Bank Ltd. (CIN: L65191KL1931PLC000368).
- ii) The RFP is being uploaded on Federal Bank's website to be responded by audit firms which satisfy the Minimum Eligibility Criteria (point No.5).
- iii) The last date for submission of proposal is **15<sup>th</sup> July 2023**.
- iv) No proposals would be accepted after the above deadline.
- v) Federal Bank reserves the right to accept any proposal or reject all the proposals, without assigning any reasons whatsoever. The Bank's decision in this regard shall be final and binding.

## 2. About Federal Bank

The Federal Bank Limited is a bank licensed under Banking Regulation Act, 1949 which became a scheduled commercial bank under the second schedule of Reserve Bank of India Act 1934 on July 20, 1970. The bank has 1372 banking outlets and 1364 ATMs spread across different states in India. It is listed in Bombay, National and London Stock Exchanges. The Bank has a paid-up capital of Rs.423.24 Crores as on 31.03.2023. With a Balance sheet size of Rs. 2,68,004.06 Crores, the Bank has a CRAR of 14.81% and a loan book size of Rs. 1,81,956.75 Crores as on 31.03.2023.

## 3. Submission and evaluation of Proposals

- i) The documents to be submitted are:
  - a) Profile of the Audit Firm (with details of the firm, present and past audit assignments, educational qualification and experience of the partners, areas of specialization, contact details of the firm, audit infrastructure facilities and manpower)
  - b) Additional details to be furnished by the audit firm in the format enclosed (Annexure 1). This has to be furnished in the letter head of the firm.
- ii) The proposals shall be submitted duly signed by the authorized signatory with the seal of the audit firm to the below email address with the title – "RFP for quality assurance review of Internal Audit Department, Federal Bank":

[inspection@federalbank.co.in](mailto:inspection@federalbank.co.in)  
[jojoa@federalbank.co.in](mailto:jojoa@federalbank.co.in)

- iii) For any clarifications regarding RFP, please contact:

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#### **4. Scope of Work**

- Conduct Quality Assurance Review of the Internal Audit Department
- Conduct an independent review of the functioning of the Internal Audit Department of the bank
- Measure the effectiveness and efficiency of the systems and procedures implemented for the functioning of the Department.
- Review the alignment of functions of Internal audit Department with Code of Corporate Governance/ regulations of RBI/ various statutes (viz. Companies Act, SEBI/IRDA/ Government guidelines etc.)
- Review Compliance with the directions of the Board of Directors/ Audit Committee of the Board/ Inspection Review Committee of Executives
- Give feedback and recommendations for better achievement of the objective of the Internal Audit Department and the bank.
- Review of functioning of Internal Audit Department with reference to the Board approved Audit and Inspection Policy and IS Audit Policy
- Review the structure and reporting Lines of Internal Audit function including evaluating independence of internal audit function.
- Assess the adequacy and quality of reporting to the Board, Audit Committee of the Board and Inspection Review Committee of Executives, MD & CEO
- Review the frequency and effectiveness of interaction with the senior / top management
- Assess the effectiveness of the system of risk identification, assessment, and classification
- Review the Audit Plan and conduct of audit vis-à-vis Audit Plan, the extent of transaction testing and follow-up and closure of audit observations
- Review of Staffing of the Department – Adequacy and experience/ expertise
- Review the reporting function of the IAD including the method of presentations

Methodology for the review will be designed by external reviewer as per the scope and the proposal submitted to the bank.

#### **5. Minimum Eligibility Criteria**

- i. Standing of the firm should be at least 5 years which would be reckoned from the date of availability of one full time FCA continuously with the firm.
- ii. The Audit Firm should have a minimum of 4 full time Chartered Accountants.

- iii. There shall be a minimum of 15 professional trainees/staff. Professional trainees/staff shall include audit and article clerks with the knowledge in book-keeping, accountancy and who are engaged in outdoor audit and exclude typists, stenographers, computer operators, secretary/ies, sub-ordinate staff etc.
- iv. The audit firm should have conducted similar kind of assignments in scheduled commercial bank in India / financial institutions in India.
- v. The firm should have the capacity/expertise to perform the assignment.
- vi. The firm should deploy employees who have expertise and skills to complete the review as per the scope.
- vii. There must be no orders/ disciplinary action taken against the applicant which has to be verified in NFRA/ ICAI website

## **6. General Terms and Conditions**

### **a) Term of Assignment**

The auditor under this RFP will be appointed from the conclusion of the next Audit Committee Meeting and shall hold office till the conclusion of submission of final report or for the allotted period whichever is earlier.

### **b) Adherence to Terms and Conditions**

The auditors who wish to submit responses to this RFP should note that they should abide (in true intent and spirit) by all the terms and conditions contained in the RFP. If the responses contain any extraneous conditions put in by the Respondents, such responses may be disqualified and may not be considered for the selection process.

### **c) Software / Hardware requirements**

All the software, hardware equipment's like Laptops, tools etc. to carry out the assignment has to be brought by the auditor at no extra cost.

### **d) Professionalism**

Auditors should provide professional, objective, and impartial advice at all times and hold the Bank's interest paramount and should observe the highest standards of ethics, values and code of conduct, honesty and integrity while executing the assignment.

The Bank reserves the right to ascertain information from the other Banks and institutions to which the auditor has rendered their services for execution of similar projects.

### **e) Single Point of Contact**

The auditor has to provide details of a single point of contact viz. name, designation, address, e-mail address, telephone/mobile no., fax no. etc.

### **f) Applicable Law and Jurisdiction of Court**

The Contract with auditor shall be governed in accordance with the laws of India for the time being in force and will be subject to the exclusive jurisdiction of courts at Kochi, Kerala.

### **g) Authorized Signatory**

The selected auditor shall indicate the authorized signatories who can discuss and correspond with the Bank regarding the obligations under the contract.

**Annexure 1**  
**ADDITIONAL DETAILS TO BE FURNISHED BY THE AUDIT FIRM**

Sl. No.	Particulars	Details	
1.	Name of the firm		
2.	Address of the Firm (Head Office)		
3.	Number of Branches / offices with details thereof		
4.	Number of full time Chartered Accountants		
5.	Number of full time Partners (out of Sl. No. 4) *		
6.	Number of FCAs (out of Sl. No.4)		
7.	Names of Partners with qualification and years of experience	Name of Partner	Experience as partner with firm & total number of post qualification experience
8.	No. of professional staff (With at least one-year continuous association of professional staff with the firm as on the date of shortlisting)		
9.	Standing of the firm (in years)		
10.	No. of branches/offices in India		
11.	Experience as External quality assurance reviewer of Bank(s) (no. & name(s) of Bank(s))		
12.	Partners with CISA/DISA qualification		
13.	Whether any disciplinary action taken / pending proceedings against the firm by ICAI?		
14.	Whether debarred by other regulators/law enforcement agencies? /Any cases pending with them?		
15.	Whether any of the clients of the firm in legal battle with Federal Bank?		
16.	Number of CA professionals who would be engaged exclusively for the Quality assurance review assignment of Federal Bank's Internal Audit Department.		

