

**Queries on Request for Proposal for Review of the Internal Audit process
of
Small Industries Development Bank of India**

RFP Reference: GEM/2023/B/3276979

S.No.	Page No. of RfP	Clause No. of RfP	Bidder Query	AV Comments
1	Page 20	6.1.1	<p>1. What is the number and types of Audits that are performed under Direct credit and indirect finance by the Internal Audit Department of the Bank?</p> <p>2. Does the review of internal Audit process of various Verticals / Regional / Zonal Offices / Branch offices require physical visit across different geographical locations of the Bank?</p> <p>3. Does the scope of work limited to identifying deficiencies / gaps with respect to the Internal Audit process as per SOP/ Manuals on holistic design level or transactional operating effectiveness. Please confirm.</p> <p>4. Does the scope include the review of the audit checklists and methodology for preparation Audit Plan deployed by the Bank and determine the comprehensiveness of Audit Universe. Please confirm.</p>	<p>1. There are 2 types of Audits performed under Direct Credit and Indirect finance, viz., Operational Audit and Concurrent Audit.</p> <p>2. No. The review will be done at Lucknow; with need-based meetings with Verticals / ROs / BOs over MS Teams.</p> <p>3. Yes.</p> <p>4. Yes.</p>

S.No.	Page No. of RfP	Clause No. of RfP	Bidder Query	AV Comments
2	Page 20	6.1.2	<p>1. Does the scope of work require conducting walkthroughs/review documentation for underlying business process (example: Asset classification and provisioning) to determine the comprehensiveness of Audit?</p> <p>2. Does the scope also require us to prepare a comprehensive checklist of all applicable regulatory guidelines?</p> <p>3. Does the scope of work require us to prepare end to end checklist for various processes covered as part of business and support function being used by Internal Audit department for audit?</p> <p>4. We understand that the scope is restricted to regulations impacting the IA department such as RBIA circular etc. We understand that the RBI / statutory guidelines applicable for the business such as KYC etc. are outside the scope of this review. Please confirm.</p> <p>5. Kindly clarify expectation with respect to revenue leakages, ensure proper asset classification & provisioning requirements in line with regulatory guidelines, compliance with approved policies and procedures.</p>	<p>1. Yes.</p> <p>2. No.</p> <p>3. No.</p> <p>4. No. They are part of the review.</p> <p>5. As indicated in the scope of work, the review of the internal audit process is expected to come out with the deficiency in the present process and suggest measure to make the internal audit process more robust by capturing all these aspects as indicated at para no.6.1.3.</p>

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3	Page 20	6.1.3	<p>1. We understand that as a part of scope of work we are required to review the matrix used by Internal Audit department for allocation risk rating to various vertical functions and suggest suitable improvement as per leading industry practice and regulatory requirement.</p> <p>2. We understand that risk assessment exercise to allocate risk rating to various processes and function/vertical is out of scope. Please confirm.</p>	<p>1. Yes.</p> <p>2. Yes.</p>
4	Page 20	6.2.1. a	We understand that as a part of scope of work is restricted to provide recommendations for improvement. Whilst our recommendations should provide the needed clarity with respect to a high-level roadmap and teams involved, it would be the bank's responsibility to define a detailed roadmap for implementation and exact actions needed by each team. Further, a risk rating would be allocated against each gap. The risk rating allocated against each gap can be utilized by the bank to determine priority of resolution. Please confirm	Yes.
5	Page 20	6.2.2 c	<p>1. We understand that as a part of scope of work we will review Audit Risk Rating Matrix/ Grid (through which High, Medium, Low rating is allocated to function/ processes/offices etc.) vis-à-vis leading industry practices and regulatory requirement. Formulation of new, updated risk rating matrix is out of scope. Please confirm.</p> <p>2. We understand that as a part of scope of work we will assess and benchmark the workflow to capture inherent business risk and control risk. Performing Risk Assessment exercise to allocate business risk and control risk out of scope. Please Confirm.</p>	<p>1. No.</p> <p>2. No.</p>
6	Page 45	8.5.3	We understand that the timelines stipulated for deliverable is not sufficient, please provide us with the possibility of extension to the timeline given.	Need-based extension may be considered without any additional cost.
7	Page 20	6.3	Kindly clarify the audience of the review of work.	Board of SIDBI and RBI / Regulatory Authority.