



संस्थागत वित्त उद्भाग (आईएफवी) एवं

गैर-ट्रेजरी निवेश- उद्यम पूंजी फंड (वी.सी.एफ), सिडबी
की समवर्ती लेखा-परीक्षा हेतु निविदा

भारतीय लघु उद्योग विकास बैंक

लेखा-परीक्षा वर्टिकल

4th तल, सिडबी टावर

15, अशोक मार्ग

लखनऊ- 226001

वेबसाइट-www.sidbi.in

निविदा सं. 2020MAR03/T000193395/A&FMV

इस निविदा दस्तावेज के उत्तर में बोलीकर्ता से प्राप्त सूचना सिडबी की संपत्ति हो जाएगी और वापस नहीं की जाएगी। सिडबी को इस निविदा दस्तावेज को संशोधित करने, रद्द करने और दुबारा जारी करने का अधिकार है। निविदा दस्तावेज तथा सभी संशोधनों से बोलीकर्ताओं को अवगत कराया जाएगा तथा उक्त संशोधन बोलीकर्ताओं के लिए बाध्यकारी होंगे।

(इस दस्तावेज का आंशिक अथवा पूर्णतः किसी भी रूप में, पुनः उपयोग अथवा प्रतिलिपिकरण अथवा उपयोग न किया जाए)



**Small Industries Development
Bank of India**

Request for Proposal (RfP)

**For
Concurrent Audit of Operations of
Institutional Finance Vertical (IFV)
& Non-treasury Investment Transactions of
Venture Capital Fund (VCF)**

Small Industries Development Bank of India

Audit Vertical

4th FLOOR, SIDBI TOWER,

15, ASHOK MARG,

LUCKNOW - 226001

Website : www.sidbi.in

Tender No. 2020MAR03/T000193395/A&FMV

THE INFORMATION PROVIDED BY THE BIDDERS IN RESPONSE TO THIS TENDER DOCUMENT WILL BECOME THE PROPERTY OF SIDBI AND WILL NOT BE RETURNED. SIDBI RESERVES THE RIGHT TO AMEND, RESCIND OR REISSUE THIS TENDER DOCUMENT AND ALL AMENDMENTS WILL BE NOTIFIED ON SIDBI'S WEBSITE www.sidbi.in AND THESE WILL BE BINDING ON THE BIDDERS.

(THIS DOCUMENT SHOULD NOT BE REUSED OR COPIED OR USED EITHER PARTIALLY OR FULLY IN ANY FORM)

महत्त्वपूर्ण जानकारी का सारांश

- 1) सिडबी इस आरएफपी में किसी भी संशोधन सहित किसी भी संशोधन / परिवर्तन करने का एकमात्र अधिकार सुरक्षित रखता है। इस आरएफपी में किसी भी परिशिष्ट सहित इस तरह के संशोधन / परिवर्तन सिडबी की वेबसाइट www.sidbi.in पर अधिसूचित किए जाएंगे और ये बोलीदाताओं पर बाध्यकारी होंगे।
- 2) बोलीकर्ताओं को सूचित किया जाता है कि निविदा दस्तावेज़ का ध्यानपूर्वक अध्ययन कर लें। बोली प्रस्तुत करने पर यह माना जाएगा कि निविदा दस्तावेज़ को ध्यान से देख लिया गया है और उसके निहितार्थों को भली भाँति समझ लिया गया है।
- 3) बोलीकर्ता से प्राप्त समस्त स्पष्टीकरण अथवा अपेक्षा में किसी परिवर्तन की जानकारी सिडबी की वेबसाइट पर दी जाएगी। अतः बोली प्रस्तुत करने से पहले बोलीकर्ता को यह अवश्य सुनिश्चित कर लेना चाहिए कि ऐसे स्पष्टीकरणों/ परिवर्तनों पर उन्होंने विचार कर लिया है। किसी बोलीकर्ता द्वारा चूक किए जाने पर सिडबी की कोई जिम्मेदारी नहीं होगी।
- 4) बोलियों की जाँच, आकलन और तुलना में सिडबी को जैसी भी मदद की आवश्यकता होगी, उसके लिए वह अपने विवेकानुसार बोलीकर्ता से स्पष्टीकरण का अनुरोध कर सकता है। उत्तर/ स्पष्टीकरण लिखित में दिए जाएँगे और बोली के पदार्थ-मूल्य में कोई परिवर्तन करने के लिए न कहा जाएगा, न प्रस्तावित किया जाएगा और न ही उसकी अनुमति दी जाएगी।
- 5) कृपया ध्यान दें कि बोली दस्तावेज़ के लिए अपेक्षित समस्त सूचना का दिया जाना आवश्यक है। इन विषयों पर अपूर्ण जानकारी देने पर चयन से वंचित रहना पड़ सकता है।
- 6) बोली में संशोधन और/ अथवा वापस लिया जाना
एक बार प्रस्तुत की गई बोली को अंतिम माना जाएगा और उसके पश्चात् किसी पत्राचार पर विचार नहीं किया जाएगा। बोली प्रस्तुतीकरण की अंतिम समय-सीमा समाप्त हो जाने पर किसी भी बोली में संशोधन नहीं किया जाएगा। यदि कोई बोलीकर्ता सफल बोलीकर्ता हो तो उस बोलीकर्ता को बोली वापस लेने की अनुमति नहीं होगी।
- 7) प्राप्त हुई किसी अथवा सभी निविदाओं को बिना कोई कारण बताए अस्वीकार करने का अधिकार सिडबी को है।

टिप्पणी:

किसी भी कारण से बोली दस्तावेज़ के प्राप्त न होने/ गैर-सुपुर्दगी के लिए सिडबी की कोई जिम्मेदारी नहीं होगी।

Critical Information Summary

- 1) The RfP is posted on the SIDBI website www.sidbi.in. SIDBI reserves the sole right for carrying out any amendment / modifications / changes including any addendum to this RfP. Such amendments / modifications / changes including any addendum to this RfP shall be notified on SIDBI's website www.sidbi.in and these will be binding on the bidders.
- 2) Bidders are advised to study the tender document carefully. Submission of bids shall be deemed to have been done after careful study and examination of the tender document with full understanding of its implications.
- 3) Any clarifications from bidder or any change in requirement will be posted on SIDBI website. Hence, before submitting bids, bidder must ensure that such clarifications / changes have been considered by them. SIDBI will not have any responsibility in case some omission is done by any bidder.
- 4) In case of any clarification required by SIDBI to assist in the examination, evaluation and comparison of bids, SIDBI may, at its discretion, ask the bidder for clarification. The response / Clarification shall be in writing and no change in the price of substance of the bid shall be sought, offered or permitted.
- 5) Please note that all the information required as per the bidding document needs to be provided. Incomplete information in these areas may lead to non-selection.
- 6) Modification and / or withdrawal of bids:

Bids once submitted will be treated as final and no further correspondence will be entertained. No bid shall be modified after the deadline for submission of bids. No bidder shall be allowed to withdraw the bid, if bidder happens to be the successful bidder.
- 7) SIDBI has the right to reject any or all bids received without assigning any reason whatsoever.

NOTE:

SIDBI SHALL NOT BE RESPONSIBLE FOR NON-RECEIPT / NON-DELIVERY OF THE BID DOCUMENTS DUE TO ANY REASON, WHATSOEVER.

Schedule of events:

Sr. No.	Bid Reference - 2020MAR03/T000193395/A&FMV	
1	Purpose	(i) Concurrent Audit of Operations of Institutional Finance Vertical (IFV), Mumbai and (ii) Non-treasury Investment Transactions of Venture Capital Fund (VCF) at New Delhi
2	No. of Envelopes (Non window, sealed) to be submitted	One (1) Envelope 1 set of hard copy should be submitted in sealed single envelope superscribed at the top of the envelope – “Request for Proposal (RfP) for Concurrent Audit of Operations of Institutional Finance Vertical (IFV), Mumbai and Non-treasury Investment Transactions of Venture Capital Fund (VCF), New Delhi, SIDBI” “For Technical Evaluation”.
3	Date of uploading of the RfP	March 04, 2020 (Wednesday)
4	Last date of submission of Bids	March 25, 2020 at 2:00 p.m (Wednesday)
5	Venue, Date and Time of opening of Bids.	March 25, 2020 by 3:00 p.m at the address given at Sr. No. 9.
6	Date of Pre-bid meeting	March 16, 2020 by 4:00 p.m (Monday)
7	Response to clarification / pre-bid meeting	March 16, 2020 by 4:00 p.m (Monday)
8	Bid Validity	6 months from the last date of submission of bids.
9	Address for submission of Bids	The General Manager Audit & Fraud Management Vertical SIDBI, 4 th Floor SIDBI TOWER, 15, ASHOK MARG, LUCKNOW - 226001 Ph : 0522-2288546-50 E-mail: auditvertical_ho@sidbi.in

10	Contact Persons:		
	Name & Designation	Phone	e-mail
	Susheel Kumar Agrawal [M]	0522- 4259821	auditvertical_ho@sidbi.in
	Avinash Kumar [AGM]	0522- 4259753	auditvertical_ho@sidbi.in

If a holiday is declared on the dates mentioned above, the proposals shall be received / opened on the next working day at the same time specified above and at the same venue unless communicated otherwise.

Introduction and Disclaimers

1.1 Purpose of RfP

The purpose of RfP is to shortlist experienced professional firm / Limited Liability Partnership (LLP) of Chartered Accountants, for undertaking Concurrent Audit of Operations of Institutional Finance Vertical (IFV), at Mumbai and Non-treasury Investment Transactions of Venture Capital Fund (VCF) at New Delhi.

Table – I

Sl. No.	Name of the HO Vertical	Location of the Office	O/S as on December 31, 2019 (` in Crore)	Scope of work
1	Institutional Finance Vertical (IFV)	Mumbai	1,38,219	Annexure- I - (Refinance to Banks, SFBs, SFCs & SIDCs), Annexure- II - (Resource support to NBFCs) Annexure- III - (MFI assistance, IMEF and Prayaas), Annexure- V – Volume of work
2	Non-treasury Investment Transactions of Venture Capital Fund Operations Vertical (VCF)	New Delhi	1,769	Annexure- IV (VCF operations) Annexure- V – Volume of work

1.2 Purpose of RfP

The Request for Proposal document contains statement derived from information that is believed to be relevant at the date but does not purport to provide all 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 SIDBI. Neither SIDBI nor any of its employees, agents, contractors or advisors give any representation or warranty, express or implied, as to the accuracy or completeness of any information or statement given or made in this document. Neither SIDBI nor any of its employees, agents, contractors, or advisors have carried out or will carry out an independent audit or verification exercise in relation to the contents of any part of the document.

1.3 Disclaimer

Subject to any law to the contrary, and to the maximum extent permitted by law, SIDBI and its officers, employees, contractors, agents and advisors 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 SIDBI or any of its officers, employees, contractors, agents, or advisers.

1.4 Costs to be borne by Applicants

All costs and expenses incurred by Applicants in any way associated with the development, preparation, and submission of responses, including but not limited to the attendance at meetings, discussions, demonstrations, etc. and providing any additional information required by SIDBI, will be borne entirely and exclusively by the Applicant.

1.5 No Legal Relationship

No binding legal relationship will exist between any of the Applicants and SIDBI until execution of a contractual agreement.

1.6 Applicant Obligation to Inform Itself

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

1.7 Evaluation of Offers

Each applicant acknowledges and accepts that SIDBI may in its absolute discretion apply selection criteria specified in the document for evaluation of proposals for shortlisting/ selecting the eligible Concurrent Auditor(s). The RfP document will not form part of any contract or arrangement, which may result from the issue of this document or any investigation or review carried out by a Recipient.

1.8 Maintaining Secrecy and Confidentiality

The applicant shall be liable to maintain secrecy and confidentiality of all the information / data / operations, etc. of SIDBI.

1.9 Errors and Omissions

Each applicant should notify SIDBI of any error, omission, or discrepancy found in this RfP document.

1.10 Acceptance of Terms

An applicant will, by responding to SIDBI for RfP, be deemed to have accepted the terms of this Introduction and Disclaimer.

2. Lodgment of RfP

2.1 RfP submission:

- ◆ RfP document submission is required to be done by **March 25, 2020 (Wednesday) (2.00 PM)** as under :-

Hard copy should be submitted at the following address in double sealed envelope superscribed at the top of the envelope – “Request for Proposal (RfP) for Concurrent Audit of Operations of Institutional Finance Vertical (IFV), at Mumbai and Non-treasury Investment Transactions of Venture Capital Fund Operations Vertical (VCF), at New Delhi, SIDBI”.

The General Manager

Audit & Fraud Management Vertical
Small Industries Development Bank of India (SIDBI)
4th Floor, SIDBI Tower, 15, Ashok Marg,
Lucknow – 226001 (U. P.)
Telephones: (0522) 2288546-49
Email: auditvertical_ho@sidbi.in

RfP must be submitted on or before the aforementioned closing date and time.

- **Fax / e-mail copies of any submission are not acceptable and will be rejected by the Bank.**
- **Copy of bids and attachments must be provided in a sealed envelope.**

The person(s) signing the bids shall initial all pages of the bid including all attachments, etc. The bid shall contain no erasures or overwriting except as necessary to correct errors made by the applicant, in which case, corrections shall be initialed by the person(s) signing the bid.

If the submission does not include all the information required or is incomplete, the proposal is liable to be rejected.

All submissions, including any accompanying documents, will become the property of SIDBI. Applicants shall be deemed to license, and grant all rights to SIDBI to reproduce the whole or any portion of their submission for the purpose of evaluation, to disclose the contents of the submission to other Respondents 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.

2.2 RfP Validity Period

The proposal must remain **valid and open for evaluation according to their terms for a period of at least six (6) months** from the time the RfP closes on the deadline for lodgment of RfP.

2.3 Cost of RfP Document

No cost has been prescribed for the RfP Document.

- The term of the Concurrent Auditor would be for maximum of three years (i.e. one year+ extension for two years). Thereafter, cooling period of one year would be observed for considering the services of the CA firm again in the same BO / RO / HO Vertical where the assignment has been completed. If the Concurrent Auditor's services are not availed, under such circumstances also, one year cooling period

will be applicable from the date of discontinuation of the assignment for the concurrent audit of the same BO /RO / HO Vertical. However, for appointment at other BO /RO / HO Vertical, they may apply even during the cooling period provided the services of the Concurrent auditor are satisfactory.

2.4 One bid / application per applicant

Applicant can submit application for engagement as concurrent auditor for Institutional Finance Vertical (IFV), at Mumbai and Non-treasury Investment Transactions of Venture Capital Fund Operations Vertical (VCF) at New Delhi where applicant has a regular office set-up, either head office or full fledged branch office(s) at Mumbai / Navi Mumbai / Thane districts and at New Delhi / National Capital Region (NCR).

Firms already engaged with SIDBI:

- **SIDBI shall engage the services of a firm / LLP for carrying out Concurrent Audit of only one office of SIDBI. Accordingly, in case the applicant has already been engaged as Concurrent Auditor by SIDBI for any of its branches / RO and or HO Verticals, such Firm / LLP will not be eligible to apply under this RfP.**
- **If the Concurrent Auditor's services are not availed, under such circumstances also, one year cooling period will be applicable from the date of discontinuation of the assignment for the concurrent audit of the same BO /RO / HO Vertical. However, for appointment at other BO /RO / HO Vertical, they may apply even during the cooling period provided the services of the Concurrent auditor are satisfactory.**
- **The cooling period of one year shall be independently reckoned for each of the concurrent audit of BO/RO/HO Vertical, etc.**

2.5 Late Applications

Any RfP / application received after the deadline for submission of the bids / applications will be treated as **"Late Application"** and such late applications shall not be considered at all for competitive consideration.

2.6 Requests for Proposal

SIDBI may, in its absolute discretion, seek additional information or material from any applicants after the RfP closes and all such information and material provided must be taken to form part of that Applicant's response.

Applicants should provide details of their contact persons, Fax, Telephone, email and full address(s) to ensure that replies to bids could be conveyed promptly.

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

SIDBI may, in its absolute discretion, engage in discussion or negotiation with any Applicant (or simultaneously with more than one Applicant) after the RfP closes to improve or clarify any response.

2.7 Notification

SIDBI will notify all short-listed Applicants in writing as soon as practicable about the outcome of their bids. SIDBI is not obliged to provide any reasons for any such acceptance or rejection.

2.8 Disqualification

Any form of canvassing / lobbying / influence / query regarding shortlisting, status, etc. will lead to disqualification.

3 About SIDBI

3.1 Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities.

SIDBI provides its services through a network of Branch Offices located all over India. Detailed information on the functions of SIDBI is provided on the website, www.sidbi.in

3.2 SIDBI offers several financial and non-financial products and services for catering the financial and non-financial needs of Micro, Small and Medium Enterprises (MSMEs) through its field level offices. These include the following broad areas:

- ◆ Direct Finance
- ◆ Bills Finance
- ◆ Refinance
- ◆ Promotion and Development
- ◆ Micro-finance

4 Project Particulars:

The scope of work for Institutional Finance Vertical (IFV) is given in **Annexure- I** (Refinance to Banks, SFBs, SFCs & SIDCs), **Annexure- II** (Resource support to NBFCs), **Annexure- III** (MFIs, IMEF and Prayaas) and **Annexure - IV** (VCF operations).

The volume of work in each division of IFV and other HO Vertical is indicated in **Annexure- V**.

5 Fee Structure:

The fee structure under this mechanism is based on the outstanding portfolio of the Head Office Vertical as at the end of December 31, 2019. Two CAs would need to be deployed for concurrent audit of IFV, at Mumbai and one CA would need to be deployed for concurrent audit of VCF, at New Delhi. The award of contract to CA firms / LLPs to undertake concurrent audit will be as per fee structure issued by the Bank from time to time. The present fee, based on the outstanding portfolio size and average transactions / day is indicated below:

HO Vertical	Outstanding Portfolio (₹ crore)	Fee Payable Per Month (excluding GST, etc.)
Institutional Finance Vertical at Mumbai	1,38,219	₹ 1,00,000/- (Rupees one lakh only)
VCF Operations Vertical at New Delhi	1,769	

Note: Maximum upto 5% annually enhancement in remuneration may be considered, if the contract is renewed, after one year, provided the performance is found satisfactory.

No out of pocket expenses or traveling allowance / halting allowance would be paid to the concurrent audit firm / LLP for carrying out the audit. However, the service tax, education cess / GST, etc. would be paid by the Bank, as applicable, in addition to the basic fees. The payment to the concurrent auditors would be subject to deduction of tax at source, at applicable rates.

6 Selection process

This RfP will be assessed on the following Selection process:-

Invite Request for Proposal (RfP) wherein Technical Evaluation information is submitted in envelope.

Technical evaluation:

- a) **The Applicant is required to submit the details of its proposal in sealed envelope. The envelope should be superscribed:**
 - i. **Request for Proposal (RfP) for Concurrent Audit of Institutional Finance Vertical (IFV) at Mumbai and Non-Treasury Investment transactions of VCF at New Delhi.**
 - ii. **Envelope should carry the Request for Proposal (RfP) for Concurrent Audit of Applicant Firm / LLP Name & address**

for said Concurrent Audit and should contain detailed statement giving the various technical particulars of the proposal covering aspects of the Applicant like name and

location, year of establishment, names of its partners, staff, their qualification/ experience, registration number of the firm / LLP, details of ICAI membership/ Certificate of Practice details, methodology proposed and all other such relevant particulars in the format given in **Para 10**.

- b) **After the expiry of last date for submission of bids/ application**, the envelope containing the compliance on the “Technical Evaluation” would be opened in respect of all the applicants to verify the compliance of the applicants with the prescribed Technical Evaluation information requirements.
- c) The Technical Evaluation of Application would be carried out by SIDBI. The technically qualified applicants would be short listed.

7 Tenure of the contract:

The selected firm / LLP of Chartered Accountant would initially be assigned the contract tentatively for a likely period of upto **April 30, 2021** extendable for further two more years (extended for one year, at a time), provided the performance is found to be satisfactory on review and on sole discretion of SIDBI, with not more than **5% increase in professional fee**. The concurrent audit is likely to start from **May 01, 2020**. The proposed assignment would be subject to periodical review at the discretion of SIDBI and is liable to be terminated at any time, if not found satisfactory, by giving a written notice of 15 days.

8 Terms & Conditions:

- 8.1 The Applicant shall ensure that the audit be carried out in a professional manner and in case of any misconduct & negligence, the Bank may approach the concerned professional bodies with complaints of professional misconduct, if any, on the part of any professional engaged by the Bank. Accordingly, we may also recommend their name to ICAI/ RBI/ IBA or any other authority, for suitable action thereon by them.
- 8.2 The Applicant shall ensure that it will not sub-contract the audit work assigned to any outside firm / LLP or other persons even though such persons are qualified Chartered Accountants.
- 8.3 The applicant appointed as Concurrent Auditor to IFV & VCF should nominate and deploy as under;
 - (i) **Two Chartered Accountants (Designated Auditors), one of whom will head the concurrent audit team as the “Lead Designated Auditor” duly authorised by the FCA partner of the CA firm / LLP to act on behalf of the firm for CA of IFV at Mumbai**
 - (ii) **One Chartered accountant duly authorised by the FCA partner of the CA firm / LLP to act on behalf of the firm for CA of VCF at New Delhi**. The Designated Auditors would be required to submit their identity proof and address proof together with specimen signatures with a request to be

allotted biometric enabled unique login ID for access to the system. The Designated Auditors would require to log in and log out of the system each working day. The Designated Auditors would require to surrender the login ID on completion of the concurrent audit tenure or on any change in the Designated Auditor(s) by the firm / LLP.

- 8.4 The audit team composition for Concurrent Audit and attendance requirements should be specified as under :-
- a) The FCA partner of the firm / LLP who shall visit the Vertical/s at least 4 days in a month; and
 - b) Two Chartered Accountants (deployed for audit of IFV, Mumbai), who shall visit the Vertical preferably on all working days but for a minimum of 20 days in a month (provided that the number of working days are more than 20 days in a month).
 - c) One Chartered Accountant (deployed for audit of VCF, New Delhi), who shall visit the Vertical preferably on all working days but for a minimum of 20 days in a month (provided that the number of working days are more than 20 days in a month).
- 8.5 The concurrent auditors should adhere to the audit coverage strictly as per the scope as may be decided by the Bank from time to time.
- 8.6 In case the HO Vertical is relocated partly or fully, to any other city during the contract period, the CA Firm shall make their own arrangements and shall ensure that the concurrent audit is carried out at the relocated place of the Vertical without any break in the concurrent audit. The cost of relocation of the concurrent auditors shall borne by the CA firm and shall not be borne by SIDBI.
- 8.7 The concurrent auditors should not undertake any other activities / assignment on behalf of the HO Vertical without obtaining the concurrence of the Audit & Fraud Management Vertical at Head Office, in writing.
- 8.8 The concurrent auditors will co-operate with investigative body, regarding processing or execution of the consultancy contract or any matter related with discharge of contractual obligations.
- 8.9 Necessary arrangement would be made for providing space, workstation and access to systems (viewing rights only) to the concurrent auditor for ensuring smooth conduct of the audit.
- 8.10 The concurrent auditors shall be granted read only access to the systems of the Vertical.
- 8.11 The concurrent auditors shall not be allowed to carry any mass storage device such as pen drive / flash drive / thumb drive or any laptop inside the HO premises as these devices will not be required for the job. Concurrent auditor shall be

provided with computer system with disabled USB ports by the concerned HO Vertical.

- 8.12 The concurrent auditors are required to plan the audit that it results in gradual shortening of the interval between a transaction and its examination by an independent person. The concurrent auditor shall perform substantive checking in key areas and emphasis should be on 'on the spot' rectification of deficiencies. The concurrent auditors shall daily go through all the vouchers and books of the IFV & VCF Vertical for the previous day and identify areas to be scrutinized in detail.
- 8.13 Should maintain and keep back up papers in support of observations made.
- 8.14 Any other terms and conditions of the assignment would be decided by the Bank on a case to case basis.

A. Declarations and undertaking

- On appointment, the Applicant shall execute undertaking of fidelity and secrecy on its letterhead in the format prescribed by the Bank.
- A declaration to be furnished by the applicant that credit facilities availed by the firm or partners or firms in which they are partners or directors including any facility availed by a third party for which the firm or its partners are guarantor/s have not turned or are existing as non-performing assets as per the prudential norms of RBI. In case the declaration is found incorrect, the assignment would get terminated besides the firm being liable for any action under ICAI / RBI guidelines.
- The applicant must submit an undertaking that the firm / LLP does not have any professional relationship with any of the borrowers of SIDBI nor will it in future accept professional relationship with any of the borrowers of SIDBI during the period during which the firm / LLP acts as the concurrent auditor for SIDBI.
- Any other terms and conditions of the assignment would be decided by the Bank on a case-to-case basis.

B. Selection Process

- All applicants scoring 65 marks or more (in Technical Evaluation) will be considered as the Technically Qualified Applicant.
- Due diligence will be carried out for the top five applicants getting the maximum marks.
- On the recommendation of the Committee, name of the successful top 3 applicants would be identified for empanelment for concurrent audit of IFV, Mumbai and VCF Operations Vertical, New Delhi. Out of these 3 applicants, the Committee will recommend the applicant scoring the highest marks to be appointed as concurrent auditor of IFV and VCF operations.
- The final selection of the successful applicants to be empaneled from the technically qualified applicants will be done, based on marks scored in Rating Chart and due diligence carried out by SIDBI.
- In the event of non-acceptance of offer of appointment by the CA firm ranked No.1, for assignment of concurrent audit of IFV & VCF or termination of the contract by SIDBI, the next in line of ranking in empanelment will be considered for the concurrent audit.
- The validity of empanelment of concurrent audit of IFV and VCF Operations is 3 years from the date of issuance of letter of empanelment.

9 Guidelines & Instructions for applying:

- i. SIDBI will endeavour to make available all relevant information in the RfP. In case of need of any further information or clarification during the application period, the applicant must contact only the Contact Officer named above. On no account should the Applicants communicate directly with any other SIDBI personnel. Failure to comply with this requirement may result in the disqualification of the applicant from this competition.

ii. Government Tax

Applicants are responsible for establishing the status of the Services for the purpose of any government tax including GST, cess etc.

iii. Alterations to Application

Any manuscript or other alteration to the RfP / Application must be countersigned and dated by the person submitting the RfP / application.

iv. Letters and Declaration to Accompany Applications

The bid / Application must be accompanied by a letter on Firm / LLP letter head showing the full registered name(s), registered office address of the applicant. It should be signed by a person of suitable authority to commit the applicants to a binding contract.

v. Packaging and Delivery of Applications

- a) The Applicant is required to submit the details of its proposal in a sealed envelope. The envelope should clearly superscribed as under:
- i. Request for Proposal (RfP) for Concurrent audit of Institutional Finance Vertical (IFV) at Mumbai & Non-Treasury Investment transactions of VCF at New Delhi.
 - ii. Envelope should carry the Request for Proposal (RfP) for Concurrent Audit of Applicant Firm / LLP Name & address

SIDBI accepts no responsibility for the premature opening of any incorrectly marked Applications.

Applications must be received at Audit & Fraud Management Vertical, Small Industries Development Bank of India, 4th Floor, SIDBI Tower, 15, Ashok Marg, Lucknow – 226001 (U. P.) for the attention of The General Manager by **2.00 PM** on the due date. Late applications will not be accepted under any circumstance. No special pleadings will be accepted. Faxed or e-mailed applications will not be accepted.

vi. Conflict of Interest

Applicants must disclose in their application details of any circumstances, including personal, financial and business activities that will, or might, give rise to a conflict of interest; this includes any sub-contractor, if they were awarded this contract. Where applicants identify any potential conflicts they should state how they intend to avoid such conflicts. SIDBI reserves the right to reject any application which, in SIDBI's opinion, gives rise or could potentially give rise to a conflict of interest.

vii. Disclosures

The applicant must disclose:

- a. If they are OR have been the subject of any proceedings or other arrangements relating to bankruptcy, insolvency or the financial standing of the applicant

including but not limited to the appointment of any officer such as a receiver in relation to the applicant's personal or business matters or an arrangement with creditors or of any other similar proceedings.

- b. If they are OR any of the applicant's staff have been convicted of, or are the subject of any proceedings, relating to:
- A criminal offence or other offence, a serious offence involving the activities of a criminal organisation or found by any regulator or professional body to have committed professional misconduct.
 - Corruption including the offer or receipt of any inducement of any kind in relation to obtaining any contract, with SIDBI, or any contracting authority.
 - Failure to fulfill any obligations in any jurisdiction relating to the payment of taxes or social security contributions.

Disclosure extends to any entity in the same group of the applicant (including but not limited to parent subsidiary and sister companies, and companies with common shareholders whether direct or indirect and parties with whom the applicant is associated in respect of this application/ bid).

If an applicant or related entity or any individual discloses details of any previous misconduct or complaint, SIDBI will seek an explanation and background details from them. At the sole discretion of SIDBI and assessment as to whether the Applicant will be allowed to submit an application, decision will then be made by SIDBI.

viii. **Indemnity**

The successful applicant shall exercise reasonable skill, care and diligence in the performance of the assignment and indemnify and keep SIDBI indemnified in respect of any loss, damage or claim howsoever arising out of or related to breach of contract, statutory duty or negligence by the firm/ LLP or its staff, agents or sub-contractors in relation to the performance or otherwise of the services to be provided under this Contract.

ix. **Assigning to Others**

The successful applicant shall not, without the prior written consent of SIDBI, assign or transfer or cause to be assigned or transferred, whether actually or as the result of take over, merger or other change of identity or character of the CAs, any one of its rights or obligations under the Contract or any part, share or interest therein. Upon any such assignment or transfer, this engagement may forthwith be terminated by SIDBI.

x. **Termination**

SIDBI may, at its sole discretion and at any time terminate the Contract (after giving 15 days of notice) and inform the CAs of SIDBI's decision by written instruction to that effect. In the event of the Contract being so terminated, the firm/ LLP shall take such steps as are necessary to bring the Services to an end, (including terminating any sub-contracts placed by the firm / LLP) in a cost effective, timely and orderly manner. No further correspondence will be entertained in this regard.

Scope of Work - Institutional Finance Vertical (IFV), Mumbai
(Refinance to Banks, SFBs, SFCs & SIDCs)

1.1 Project Objective and Scope of Operations of IFV (Banks, SFBs & SFCs)

The operations include providing refinance to Banks, Small Finance Banks (SFBs) under various schemes of refinance. The selected Chartered Accountants would undertake the concurrent audit of the operations on daily / periodic basis and also suggest measures to improve the functioning and efficiency. Assignment would also include verification and confirmation on the adequacy of internal controls and IT system for sustaining operations. The staff deputed by the firm / LLP of Chartered Accountants for carrying out the audit should be qualified and experienced in the area of work. Concurrent Audit covers various activities of IFV Operations, including its core functions such as credit appraisal, pre-sanction and post-sanction supervision and other day to day operations, various MIS / data, etc. within the policy guidelines and parameters laid down. All concerned documents / office notes which come within purview are to be signed off by the concurrent auditor.

A. Broad scope of work

(i) Banks, SFBs

- a) Day to day transactions, including checking of exposure limits, sanction, fixing of rate of interest, disbursements and repayments, refinance sanction / disbursement applications.
- b) Lol, Documentation.
- c) Compliance with pre-sanction / Lol / pre-disbursement / post-disbursement conditions. Deviations made, if any, are within the guidelines issued from time to time. Disbursement notes to be signed off by the concurrent auditor.
- d) System reports related to sanction / disbursements / appropriations / rating.
- e) Demand advices are raised correctly and sent in time.
- f) Accounting of all transactions. (data entry to appropriation).
- g) Compliance with respect to RBI norms and internal control guidelines.
- h) MIS / Returns submitted to HO Verticals / RBI /Govt. of India.
- i) MIS to Senior Management.
- j) Approval notes put up to competent authority.
- k) Adherence to Delegation of Powers (DoP), Post Sanction Reporting (PSR), wherever applicable.
- l) Annual rating.

- m) Compliance to RBI guidelines relating to defaulters list / Caution Advice / CIBIL List / IBA caution list for Third Party Entity / fraudulent borrowers list, KYC / AML, etc. if applicable.
- n) Equity related investments made in banks/Holding Companies.
- o) Compliance with statutory / regulatory guidelines.
- p) Reporting any irregularity in working which may result in financial or other loss to the Bank.
- q) Periodical verification of advance income tax calculations.
- r) Ensuring compliance with laid down systems, procedures and policies.
- s) Detection and arresting of leakage of income, if any.
- t) To follow up with authorities to ensure timely rectification of irregularities reported with regard to the operations and rectified on the spot/ during audit period itself.
- u) Verify prompt, timely and regular submission of the periodical and statutory returns.
- v) Any other critical areas of operations not covered above.

(ii) SFCs / SIDC

- a) Equity related investments made in SFCs, Receipt of Dividend etc.
- b) Compliance with laid down systems, procedures and policies, statutory / regulatory guidelines.
- c) Recovery of pending dues.
- d) Follow-up in respect of NPA accounts.
- e) Inspection of SFCs and compliance.
- f) Receipt / review of Nominee Directors' report.
- g) Valuation of SFCs portfolio.
- h) Dematerialization of shares.

B. Accounting (Banks / SFBs / SFCs/ SIDCs)

- a) To ensure that all the transactions viz. receipts, payments, journal vouchers are validated by proper instruments/ approval note, etc.
- b) Transfer of daily surplus funds with the commercial bank through which IFV is undertaking its transactions, presently IDBI & SBI, and related data entry in GPPS/ PNC etc.
- c) Periodic reconciliation of bank accounts (once in 15 days) and reporting to CAV.
- d) Review of Trial Balance / balances of all GL codes, any SL-GL mismatch at monthly interval and reporting to CAV.
- e) Independently verify the transactions and accounts viz. receipts & payments validated through instruments, verify the process of reconciliation undertaken by BO of various sensitive accounts viz. Sundry, Suspense, Receipts Pending Appropriation, bank

reconciliation etc., instead of reporting merely based on the certificates / statements by the vertical officials.

- f) To ensure that all the accounting transactions are carried out in accordance with the extant guidelines of the Bank.
- g) To examine and verify the appropriations done by the vertical for the repayments received and are correctly captured in the system so that correct position is reflected at the time of quarterly and annual closing of accounts.
- h) Verify whether the classifications of loan assets of the vertical have been done properly and income recognition norms have been followed as per Bank's guidelines and procedure/ RBI norms by the vertical.
- i) Review of Trial Balance and clearly mention the correctness / completeness of the related GL Codes, any GL-SL mismatch at monthly internal, adequacy of provision of outstanding liabilities at the end of each quarter end and certification of Trial Balance of IFV (Banks / SFBs / SFCs/ SIDCs) .

C. Scope for Follow up & Monitoring (Banks / SFBs / SFCs/ SIDCs)

- a) Annual Review and Re-rating of the accounts as per guidelines has been done.
- b) Safe Custody verification is being carried out by Vertical as per the extant guidelines.
- c) Receipt of beneficiaries data from banks, follow-up end use verification visits and inspections carried out as per the laid down policies / practice.
- d) Receipt of Balance Confirmation Certificate.
- e) Receipt of annual report.
- f) Any mis-utilization of the financial assistance and whether there are instances indicative of diversion of funds.
- g) Detection & prevention of revenue leakages in the operations.

The above areas of operation are illustrative and not exhaustive.

Reports:

- The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.
- The firm / LLP will have to submit the following reports relating to the Operations:

- I. Daily reports covering day-to-day transactions with regard to their correctness, monitoring of risks and observations, if any, on counterparty and other specified limits by the Bank, etc.
- II. Monthly reports covering comments on adherence to regulatory and internal policy guidelines including post disbursement monitoring guidelines and areas of audit including submission of MIS to Management. Reconciliation of accounts and other similar periodic submission.
- III. Quarterly report on closing work pertaining to the operations and tallying of trial balance.
- IV. Any other related report as may be required by SIDBI from time to time.

The above reports with regard to IFV Operations should be submitted to the head of the Vertical, Institutional Finance Vertical at Mumbai, both in soft and hard forms, within a week of the reporting period for which the report pertains. Daily reports should be released at the end of the day to The Chief General Manager, Institutional Finance Vertical at Mumbai, both in soft and hard form. The formats of the reports would have to be devised, wherever required, by the firm/ LLP in consultation with and approval of SIDBI

SIDBI will prescribe structured formats for the audit reports and also stipulate the time limits for submission of the reports. The audit formats would be reviewed periodically, as and when required. The firm/ LLP should strictly adhere to the format and the time limit. SIDBI may prescribe different periodicity for different reports of the operations.

Scope of Work - Institutional Finance Vertical (IFV) (Resource support to NBFCs), Mumbai**A. Objectives and work areas of Concurrent Audit**

The main objectives and work areas of the concurrent audit are as follows:

- a) Verifying whether sanctions for advances and disbursement thereof is obtained from competent authority.
- b) Scrutinizing the completeness of documents submitted for availing advances and other facilities.
- c) Ensuring compliance of laid down systems, procedures and policies.
- d) Examining books of accounts, records and / or registers to ensure that they are maintained in accordance with the prescribed systems/reconciled with general ledger.
- e) Detection and arresting of leakage of income, if any.
- f) To follow up with authorities to ensure timely rectification of irregularities reported with regard to the operations of the vertical and rectified on the spot/ during audit period itself.
- g) Verify prompt, timely and regular submission of the periodical and statutory returns.
- h) Any violation of procedure is brought to light.
- i) Reporting any irregularity in working which may result in financial or other loss to the Bank.
- j) Feedback on regulatory compliances.
- k) Any other areas on the operations of the Bank which are vital, in nature.

B. Scope

- a) Whether the transactions or decisions are within the policy parameters laid down by the Bank.
- b) Sanction and disbursement of loans & advances are within the policy parameters laid down by the Bank. All the loan disbursements are to be checked / verified by the concurrent auditors before actual disbursements and all the disbursement notes need to be signed off by the concurrent auditors (CA Partner).
- c) Sanctions / disbursements are within the delegated authority
- d) Sanctions / disbursements do not violate the instructions or policy prescriptions of the RBI / other regulators.
- e) Compliance to RBI guidelines relating to defaulters list / Caution Advice / CIBIL List / IBA caution list for Third Party Entity / fraudulent borrowers list, KYC / AML, etc. is done satisfactorily.
- f) DoP has been exercised properly and Post Sanction Reporting (PSR), wherever applicable, is sent to Post Sanction Reporting Authority (PSRA).
- g) Security creation has been done properly. All the prescribed and necessary documents are collected from borrowers.
- h) Verify whether all charges of SIDBI on the assets hypothecated are registered with Registrar of Companies (ROC).
- i) Pre-disbursement conditions are duly complied with. Deviations made, if any, are within the guidelines issued from time to time.
- j) Verify the end use of term loan disbursed by the Vertical for the purpose it is meant for.
- k) Verify whether visits to the beneficiary units have been carried out as per the guidelines and observations, if any, bring to the notice of the authority of the Vertical.
- l) All the receipts have been properly accounted for/ appropriated as per Bank's accounting policy.

- m) All regulatory provisions/ guidelines are duly complied with (e.g. areas including TDS and service tax / professional tax/GST etc).
- n) Whether in all cases where the statements/ documents (stock statement, Balance Confirmation Certificate, Acknowledgment of Debt, Annual report etc.) are not received even after a reasonable time, prompt action is taken by the vertical to get the same.
- o) Verify whether there is any mis-utilisation of the loans and whether there are instances indicative of diversion of funds.
- p) Detection & prevention of revenue leakages in the operation of the Vertical through close examination of income and expenditure.
- q) Verify whether there are any borrowal accounts (other than those reported by the Vertical) which are showing early warning signals or symptoms of sickness and/or can be classified as NPAs. If so, ascertain the reasons thereof and analyse the steps taken by the Vertical in the matter.
- r) Verify whether the classification of loan assets of the Vertical have been done properly and income recognition norms have been followed as per Bank's guidelines and procedure/ RBI norms by the Vertical.
- s) Verify the updation of CIBIL data and report the status in the monthly audit report.
- t) Verify the details of flow of applications, time taken for appraisal of proposals, pending applications etc. with the vertical and report the status in the monthly audit report.
- u) Verify whether interest rate is charged as per approved rate of Interest.

C. Accounting

- a) The maintenance and balancing of accounts, ledgers and registers is proper.
- b) Early reconciliation of entries outstanding in the Vertical with regard to inter-branch and inter bank accounts, Suspense Account, Sundry Deposits Account, etc. Ensure early adjustment of entries in the Vertical.
- c) To ensure that all the transactions viz. receipts, payments, journal vouchers are validated by proper instruments/ approval note, etc.
- d) To ensure that all the accounting transactions are carried out in accordance with the extant guidelines of the Bank.
- e) To examine and verify the appropriations done by the Vertical office for the repayments received during the month. The objective is to ensure that the appropriations done by the Vertical is correctly captured in the system and are in order so that correct position of overdues / dues / RPA etc. is reflected at the time of quarterly and annual closing of accounts as on March 31.
- f) To ensure that the CA Certified half yearly stock statement from the borrower is obtained in time.
- g) To scrutinize the half yearly stock statements to ensure adequate MSME assets are available to cover the exposure of SIDBI.
- h) To ensure that quarterly NBS 7/2, half yearly ALM statement, half yearly due diligence certificate, other financial statements are obtained, wherever applicable and indicate the observations on the relevant aspects like CRAR, NOF, Asset Liability Profile etc.
- i) To check the correctness of upfront fee, interest / penal interest, etc.
- j) Verification as per extant guidelines.
- k) To verify the correctness of security, Legal compliance, ROC search etc.
- l) Review of Trial Balance and clearly mention the correctness / completeness of the related GL Codes, any GL-SL mismatch at monthly internal, adequacy of provision of outstanding liabilities at the end of each quarter end and certification of Trial Balance of IFV (NBFCs) .

D. Scope for Follow up & Monitoring

- a) Verify whether Registration of charge(s) with ROC and CERSAI for all eligible cases has been done.
- b) Verify whether the ratings are approved and printouts of the same are available on record.
- c) Verify whether demand advices are raised correctly and sent in time as per extant guidelines.
- d) Verify whether validation of sanction / review of undisbursed sanctions has been carried out as per extant guidelines.
- e) To verify / review the interim disbursements / final security creations.
- f) To verify exchange of credit Information with other banks

E) The CA will have to submit the following reports to the Management:

- (i) Monthly reports covering Vertical's day-to-day operations including its core functions such as credit appraisal, pre-sanction and post-sanction supervision and other operations towards finance availed by them with regard to their correctness, compliance to the terms and conditions of sanction, post disbursement, supervision, documentation, monitoring of business risks, compliance of Delegation of Powers, adherence to regulatory, internal policy, procedure, guidelines, etc.
- (ii) Any other related report as may be required by SIDBI from time to time
- (iii) The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.

F) Average number of transactions to be checked on daily basis:

1. It is expected that there will be around 10-15 sanctions per annum and under each sanction there will be around 3 disbursements.
2. There are 21 different customers as on date in our portfolio and repayments are received every month from these customers. 5-10 new NBFC customers are proposed to be added.
3. There will be quarterly/ half yearly/ yearly/ reset of interest rates for most of the clients.

Reports:

- The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.
- The firm/ LLP will have to submit the desired/ prescribed reports relating to NBFC Operations.
- Any other related report as may be required by SIDBI from time to time.

The above reports with regard to NBFC Operations should be submitted to the head of the Vertical, Institutional Finance Vertical at Mumbai, both in soft and hard forms, within a week of the reporting period for which the report pertains. Daily reports should be released at the end of the day to The Chief General Manager, Institutional Finance Vertical at Mumbai, both



in soft and hard form. The formats of the reports would have to be devised, wherever required, by the firm/ LLP in consultation with and approval of SIDBI.

SIDBI will prescribe structured formats for the audit reports and also stipulate the time limits for submission of the reports. The audit formats would be reviewed periodically, as and when required. The firm/ LLP should strictly adhere to the format and the time limit. SIDBI may prescribe different periodicity for different reports of the operations.

Scope of Work - Institutional Finance Vertical (IFV), Mumbai**Part A - (MFI assistance / IMEF)**

The main objectives and Work areas of the concurrent audit are as follows:

- a) Verifying whether sanctions for advances and disbursement thereof is obtained from competent authority.
- b) Scrutinizing the completeness of documents submitted for availing advances and other facilities.
- c) Ensuring compliance of laid down systems, procedures and policies.
- d) Examining books of accounts, records and / or registers to ensure that they are maintained in accordance with the prescribed systems/reconciled with general ledger.
- e) Detection and arresting of leakage of income, if any.
- f) To follow up with authorities to ensure timely rectification of irregularities reported with regard to the operations of the vertical and rectified on the spot/ during audit period itself.
- g) Verify prompt, timely and regular submission of the periodical and statutory returns.
- h) Any violation of procedure is brought to light.
- i) Reporting any irregularity in working which may result in financial or other loss to the Bank.
- j) Feedback on regulatory compliances.
- k) Any other areas on the operations of the Bank which are vital, in nature.

A. Broad scope of work

- i. Whether the transactions or decisions are within the policy parameters laid down by the Bank.
- ii. Sanction and disbursement of loans & advances are within the policy parameters laid down by the Bank. All the loan disbursements are to be checked / verified by the concurrent auditors before actual disbursements and all the disbursement notes need to be signed off by the concurrent auditors (CA Partner).
- iii. Sanctions / disbursements are within the delegated authority
- iv. Sanctions / disbursements do not violate the instructions or policy prescriptions of the RBI / other regulators.
- v. Compliance to RBI guidelines relating to defaulters list / Caution Advice / CIBIL List / IBA caution list for Third Party Entity / fraudulent borrowers list, KYC / AML, etc. is done satisfactorily.
- vi. DoP has been exercised properly and Post Sanction Reporting (PSR), wherever applicable, is sent to Post Sanction Reporting Authority (PSRA).
- vii. Security creation has been done properly. All the prescribed and necessary documents are collected from borrowers.
- viii. Verify whether all charges of SIDBI on the assets hypothecated are registered with Registrar of Companies (ROC) / CERSAI Entry carried out.
- ix. Pre-sanction /LoI/ Pre-disbursement conditions and Post Disbursement Conditions are duly complied with. Deviations made, if any, are within the guidelines issued from time to time/ requisite approval obtained for the same from the competent authority.
- x. Verify the end use of term loan disbursed by the Vertical for the purpose it is meant for.
- xi. Verify whether visits to the beneficiary units have been carried out as per the guidelines and observations, if any, bring to the notice of the authority of the Vertical.

- xii. All the receipts have been properly accounted for/ appropriated as per Bank's accounting policy.
- xiii. All regulatory provisions/ guidelines are duly complied with (e.g. areas including TDS and service tax / professional tax/GST etc).
- xiv. Whether in all cases where the statements/ documents (Book Debt statement, Balance Confirmation Certificate, Acknowledgment of Debt, Annual report etc.) are not received even after a reasonable time, prompt action is taken by the vertical to get the same.
- xv. Verify whether there is any mis-utilisation of the loans and whether there are instances indicative of diversion of funds.
- xvi. Detection & prevention of revenue leakages in the operation of the Vertical through close examination of income and expenditure.
- xvii. Verify whether there are any borrowal accounts (other than those reported by the Vertical) which are showing early warning signals or symptoms of sickness and/or can be classified as NPAs. If so, ascertain the reasons therefore and analyse the steps taken by the Vertical in the matter.
- xviii. Verify whether the classification of loan assets of the Vertical have been done properly and income recognition norms have been followed as per Bank's guidelines and procedure/ RBI norms by the Vertical.
- xix. Verify the updation of CIBIL data and report the status in the monthly audit report.
- xx. Verify the details of flow of applications, time taken for appraisal of proposals, pending applications etc. with the vertical and report the status in the monthly audit report.
- xxi. Verify whether interest rate is charged as per approved rate of Interest.
- xxii. Any other critical area of operations not covered above

B. Accounting (MFI Assistance / IMEF)

- a) The maintenance and balancing of accounts, ledgers and registers is proper.
- b) Early reconciliation of entries outstanding in the Vertical with regard to inter-branch and inter bank accounts, Suspense Account, Sundry Deposits Account, etc. Ensure early adjustment of entries in the Vertical.
- c) To ensure that all the transactions viz. receipts, payments, journal vouchers are validated by proper instruments/ approval note, etc.
- d) To ensure that all the accounting transactions are carried out in accordance with the extant guidelines of the Bank.
- e) To examine and verify the appropriations done by the Vertical office for the repayments received during the month. The objective is to ensure that the appropriations done by the Vertical is correctly captured in the system and are in order so that correct position of overdues / dues / RPA etc. is reflected at the time of quarterly and annual closing of accounts as on March 31.
- f) To ensure that the CA Certified quarterly book debt statement from the borrower is obtained in time. To scrutinize the book debt statements to ensure adequate MFI assets are available to cover the exposure of SIDBI.
- g) To check the correctness of upfront fee, interest / penal interest, etc.
- h) To verify the correctness of security, Legal compliance, ROC search etc.
- i) Safe custody verification as per extant guidelines.
 - j) Review of Trial Balance and clearly mention the correctness / completeness of the related GL Codes, any GL-SL mismatch at monthly internal, adequacy of provision of outstanding liabilities at the end of each quarter end and certification of Trial Balance of IFV (MFIs/IMEF) .

- k) The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.

C. Scope for Follow up & Monitoring (MFIs / IMEF)

- Monthly monitoring reports is being submitted by the assisted MFIs.
- CA certified Book Debt statement and CA Certified Sample Verification reports have been obtained as per extant guidelines to ensure end use verification.
- End use verification of requisite sample size by bank officials post disbursement.
- Periodical visit to the MFIs / field areas by bank officials as per extant guidelines.
- Quarterly Book Debt statement being submitted as per extant guidelines.
- Verify whether validation of sanction / review of undisbursed sanctions has been carried out as per extant guidelines.
- To verify / review the interim disbursements / final security creations.
- To verify exchange of credit Information with other banks
- Annual Review and Re-rating of the accounts as per guidelines has been done.
- Nominee Director Reports are being submitted in time.
- Safe Custody verification is being carried out by Vertical as per the extant guidelines.
- Receipt of beneficiary's data from MFIs, follow-up end use verification visits and inspections carried out as per the laid down policies / practice.
- Receipt of Balance Confirmation Certificate (BCC) / Acknowledgement of Debts (AoDs).
- Receipt of Annual report from the assisted MFIs.
- Any mis-utilization of the financial assistance and whether there are instances indicative of diversion of funds.
- Detection & prevention of revenue leakages in the operations.

The above areas of operation are illustrative and not exhaustive.

(D) Reporting Requirements

- The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.
- The Firm / LLP will have to submit the following reports to the head of the Vertical:
 - (i) Reports relating to Operations in Vertical
 - (ii) Monthly reports covering Vertical's day-to-day operations including its core functions such as credit appraisal, pre-sanction and post-sanction supervision and other operations towards finance availed by them with regard to their correctness, compliance to the terms and conditions of sanction, post disbursement, supervision, documentation, monitoring of business risks, compliance of Delegation of Powers, etc.
 - (iii) Monthly reports covering comments on adherence to regulatory, internal policy, procedure, guidelines, compliance of Delegation of Powers and areas of audit as indicated at para 4.1.
 - (iv) Any other related report as may be required by SIDBI from time to time.
 - (v) The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.

A) Application & Pre -Sanction :

- Borrower must be an individual borrower associated with SHG / JLG or an existing customer of Partner Institution (PI).
- Application No., Batch No., and Date of Application to be cross verified with Customer Hands Off. Application has to be scrutinised with attached documents for its completeness and correctness. For e.g. Date of Birth of Borrower & Co-Borrower to be cross checked with KYC documents, banks details to be cross verified with Bank passbook / cheque etc.
- Mandatory Due Diligence has been carried out by PI or SIDBI in r/o the Borrower & Co-Borrower i.e. Credit report , CIBIL Report , UN Terrorist List and Central Fraud Registry.
- All the above searches to be scrutinized.
- Present Loan outstanding of the Borrower, his monthly expenditure obligations, income to be generated out of proposed assistance and proposed EMI mentioned in the application form to be cross checked with Customer Hands Off.
- Application form is duly signed by the Borrower / Co-Borrower.
- KYC & Alternate KYC of Borrower & Co- Borrower, as per Officially Valid Documents in respect of KYC compliance to be verified.
- Documentary Evidence of Identity Proof and Address Proof obtained and verified.
- KYC Stamp of "Verified from Original" affixed and authenticated by maker / checker.

B) SANCTION :

- Whether Checker has seen the completeness of Application and also check whether necessary due diligence has been carried out.

B1) ISSUE OF LOI :

- Lol was issued complying the Pre-Lol condition(s)
- Lol has been issued incorporating Key / Other terms of sanction as stipulated in term sheet and as stipulated by the sanctioning committee.

C) DOCUMENTATION & FUNDS Released

- Under PRAYAAS Scheme, only three documents are to be executed by the Borrower before disbursement i.e Letter Of Intent, Demand Promissory Note and Loan Agreement cum Deed of Hypothecation.
- Documentation done as per the extant Legal Vertical Formats
- Documentation executed on stamp papers, properly-stamped and with proper testimonial clauses.
- Variance, if any in address / spellings of name(s) in DPN, LA cum Deed of Hypothecation, Lol as compared with KYC documents.
- The Rate of Interest being charged is as per the sanctioned interest rate.
- The Rate of Interest being charged is higher than the sanctioned interest rate.
- Whether while effecting Funds Released / disbursement, the sanctioned limit to PI may not get breached i.e. O/s under the Scheme may not be more than the Sanctioned limit.

D) Follow up & Monitoring

- Collections handoff have been acknowledged in Mobicule and same has been approved in DFS
- Matching of remittance with the aggregate due amount.

E) Commission Payment

Checking correctness of invoice and payment thereof through CVPC.

F) Any other issue

The following are also to be checked by CA:

- The rating of the MFI has expired and fresh rating as stipulated in the terms of sanction has not been obtained by the PI.
- As advised in the terms of sanction, weaknesses observed in the COCA Report not addressed by the MFI within the stipulated time.
- Quarterly review of the Portfolio / operations, whether they have been undertaken.
- Review of Trial Balance / balances of all GL codes, any SL-GL mismatch at monthly interval and reporting to CAV.

Reports:

- SIDBI will prescribe structured formats for the audit reports and also stipulate the time limits for submission of the reports. The audit formats would be reviewed periodically, as and when required. The firm/ LLP should strictly adhere to the format and the time limit. SIDBI may prescribe different periodicity for different reports of the operations.
- The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.

Annexure – IV**Scope of Work - VCF Operations, New Delhi****Procedure to be followed once the case is sanctioned:**

- (i) To check the application form received from the Investment Manager (IM) seeking contribution from SIDBI for Alternative Investment Funds (AIFs).
- (ii) To verify the completeness and appropriateness of various certificates/ documents/ information submitted by the IM.
- (iii) To verify the compliance of KYC guidelines and other Due diligence measures.
- (iv) To verify the proper and correct entry of data/ information into the systems.
- (v) To verify the compliance with eligibility parameters for sanction as per the extant guidelines of the Bank/ as also with various guidelines issued by SIDBI, Government of India/SEBI and other regulatory authorities in connection with contribution to Venture Capital Funds (VCF's)/AIFs.
- (vi) To verify the compliance with all extant guidelines and terms of sanction.
- (vii) To verify that the terms of sanction are captured while conveying sanction to the Fund Manager.
- (viii) To verify contribution agreement executed by IM & Trustee.
- (ix) To verify the drawdowns/disbursement.
- (x) To verify accounting entry into the system related to drawdowns and distributions.

Monitoring and Post disbursement stage

- (xi) To verify the Periodic/ recurring Compliance, if any, related to sanction.
- (xii) To verify the compliance of all applicable internal, RBI, SEBI/GOI guidelines relating to VCF operations
- (xiii) To verify the periodic MIS/data/information being submitted to various authorities internally as well as externally.
- (xiv) Review of Trial Balance and clearly mention the correctness / completeness of the related GL Codes, any GL-SL mismatch at monthly internal, adequacy of provision of outstanding liabilities at the end of each quarter end and certification of Trial Balance of VCF Operations.
- (xv) The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.

Reports:

- (i) Monthly report covering the operations of VCF.
- (ii) SIDBI will prescribe structured formats for the audit reports and also stipulate the time limits for submission of the reports. The audit formats would be reviewed periodically, as and when required. The firm/ LLP should strictly adhere to the format and the time limit. SIDBI may prescribe different periodicity for different reports of the operations.

- (iii) The CA shall be accountable, on its part, for wrongly verifying any document or signing off disbursement notes or such other important documents based on which the Bank takes a decision.

Volume of work

A. IFV, Mumbai (Refinance to Banks / SFBs / SFCs/ SIDCs / Prayaas, NBFCs, MFIs,)

i) Average no. of transactions in Refinance to Banks / SFBs / SFCs / SIDCs / SFBs

a) The total no. of refinance disbursement made during the FY 2019 were approximately 100. Accordingly, it is expected that no. of disbursements during FY 2020 would be approximately 125 i.e. average number of transactions are 1 in every 2 working days during this FY.

b) The business target for (Banks, SFCs, SIDCs, SFBs) for FY 2020 is ` 126659 crore which encompasses disbursement of ` 65,652 crore and repayment of ` 55,186 crore, besides follow-up and monitoring works.

ii) Average No of transactions to be checked - NBFCs

a) It is expected that there will be around 10 to 15 sanctions per annum and under each sanction, there will be around 3 disbursements.

b) There are 21 different customers as on date in our portfolio and repayments are received every month from these customers. 5 to 10 new NBFC customers are proposed to be added.

c) There will be quarterly / half yearly/ yearly reset of interest rates for most of the clients.

(iii) Average No of transactions to be checked- MFI Assistance / IMEF / PRAYAAS

[a] Under MFI Assistance & IMEF :The total number of disbursements transaction under MFI / IMEF assistance during FY 19 were approximately 26. Disbursement trends is expected to be in similar lines for the current FY 2020.

[b] Under PRAYAAS :- From 1st April, 2019 till May 30, 2019, around 1483 proposals have been sanctioned and more than 1450 loans have been disbursed for PIs. The outstanding as on June 2019 is approximately ` 12 crore. Bank has also engaged 7 more PIs and expecting an outstanding of ` 250 crore by March 31, 2020. Average likely flow of applications per month and on per working day are given below:

Expected O/s as on 31.03.2020	Rs. 500 crore
Expected disbursement per month (Remaining period of 10 months in current FY)	Rs. 50 crore (Avg.)
Average ticket size of Application	Rs. 75000
Likely no. of applications to be received per month	6600
Avg. No of working days in a month	20
Average likely Flow of applications per day	330

B. VCF, Mumbai under non-treasury investment transactions

At present VCF Operations is making commitment from various funds and drawdown is being made for sanctioned commitments. As per the past trend, ISDBI expects drawdown to about 12 funds under various schemes during the next two months. Further, it is expected that there would be around 8 sanctions during the same period.

10. Technical Evaluation Procedure of the applicants:

The technical capabilities of the applicants with regard to audit of the operations of Institutional Finance Vertical (IFV), Mumbai and Non-treasury Investment Transactions of Venture Capital Fund (VCF), New Delhi would be evaluated based on the following criteria and weightage:

10.1 Technical Evaluation Criteria for Operations pertaining to IFV, Mumbai & VCF, New Delhi.**10.2 Pre-Requisite for Applying**

The Applicant should

- *Furnish proof of Valid registration/ Certificate of Practice from the Institute of Chartered Accountants of India (ICAI).*
- *Be a Partnership firm of Chartered Accountants with minimum 3 partners of which at least 2 partners should be FCA(s). At least one partner should have a continuous association with the firm of a minimum of 5 years and another partner should have a continuous association with the firm of a minimum of 3 years. The details of each partner including experience, qualification etc., and their Registration Number with Institute of Chartered Accountants of India (ICAI) to be furnished as documentary proof.*
- *Has Minimum five years of previous track record of carrying out concurrent audits in other Financial Institutions / Public / private Sector Banks” (with documentary proof).*
- *CA firm has its HO or Branch office at Mumbai / Navi Mumbai / Thane districts and at New Delhi / National Capital Region (NCR).*

Without compliance of the above pre-requisites, the applicant will not be eligible for applying.

10.3 Technical Evaluation Criteria for Concurrent Audit of Operations pertaining to IFV, Mumbai and non-treasury investment transactions of VCF, New Delhi. (Rating Criteria)

Rating Chart

Sl. No.	Criteria	Maximum Marks (Weightage)
i	<ul style="list-style-type: none"> • Year of establishment of Chartered Accountant firm / Limited Liability Partnership (LLP) of Chartered Accountants. <ul style="list-style-type: none"> ➤ Upto 5 years – 10 Marks ➤ 5 to 10 years – 12 Marks ➤ 10 to 15 years – 15 Marks ➤ More than 15 years – 20 Marks 	20
ii.	<ul style="list-style-type: none"> • Firms/ Liability Partnership (LLP) of Chartered Accountants with minimum 3 partners of whom at least two should be FCA. At least one partner should have a continuous association with the firm of a minimum of 5 years and another partner should have a continuous association with the firm of a minimum of 3 years. - (20 Marks) 1.5 marks to be awarded for each additional partner (over and above 3 partners) of the firm and 01 mark each for full time CA employee, who have been with the company for more than 1 year with cut off date as 31/10/2019. (Maximum marks - 10) 	30
iii	<ul style="list-style-type: none"> • Minimum five years of previous track record of carrying out concurrent audits in other Financial Institutions / Public / private Sector Banks (with documentary proof) – 20 Marks • In addition to the above, firm having previous track record in: <ul style="list-style-type: none"> i) carrying out such audits in other Financial Institutions / Public / Private Sector Banks mainly in the area of credit dispensation under MSME. (with documentary proof) – (Additional 5 marks). • carrying out such audits in other Financial Institutions / Public / Private Sector Banks mainly in the area of financing to NBFCs / Refinance to Banks. (with documentary proof) – (Additional 5 marks). 	30
iv.	<p>Whether the firm / LLP empanelled with RBI as</p> <ul style="list-style-type: none"> • Statutory Central Auditor – 10 Marks • Statutory Branch Auditor (Category I) – 7 Marks • Statutory Branch Auditor (Category-II) – 5 Marks (with documentary proof) 	10
v.	<p>Availability of suitable infrastructural facilities including office set up, adequate manpower and permanent manpower at either Head Office or full fledged Branch Office at Mumbai / Navi Mumbai / Thane districts and at New Delhi / National Capital Region (NRC).</p> <ul style="list-style-type: none"> • Branch – 5 marks • Head Office – 10 marks 	10
	Maximum technical score	100

10.4 Information to be provided for Technical Evaluation etc.

a) Chartered Accountant Firm/ LLP Details:

Sl. No.	Requirements	Remarks																								
1	Name of the Chartered Accountant Firm / LLP with year of establishment.																									
2	Registration Number / Certificate of Practice from the Institute of Chartered Accountants of India (furnish documentary proof, Registration should be valid).																									
3	Previous Track Record of carrying out concurrent audit in Financial Institution / Public / Private Sector Banks in the area of financing to NBFCs/ Refinance to banks. In addition to the above, previous track record of carrying out concurrent audit in FIs/ Public/ Private banks in areas: a) Credit dispensation to MSMEs b) Financing of NBFCs / Refinancing to Banks. Details may be given as per Table (A)																									
4	Details of every partner including experience, qualification etc. and their Registration number with ICAI (furnish a detailed list of all the partners) <table border="1" data-bbox="279 970 1318 1184"> <thead> <tr> <th>Sl. No.</th> <th>Name of the Partner</th> <th>Age (completed year as on 01/03/2020)</th> <th>Education Qualification</th> <th>Experience</th> <th>Period of Association with the firm</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Sl. No.	Name of the Partner	Age (completed year as on 01/03/2020)	Education Qualification	Experience	Period of Association with the firm																			
Sl. No.	Name of the Partner	Age (completed year as on 01/03/2020)	Education Qualification	Experience	Period of Association with the firm																					
5	Minimum five years of previous track record of carrying out concurrent audits in other Financial Institutions / Public / private Sector Banks (furnish documentary proof)																									
6	Whether the firm / LLP empanelled with RBI (furnish documentary proof).																									
7	Availability of suitable infrastructural facilities including office set up (Branch office / Head office at Mumbai / Navi Mumbai / Thane districts and at New Delhi / National Capital Region (NCR) may be specifically indicated), adequate manpower who are specialized in the area of audit in other Financial Institutions / Public / private Sector Banks. Competence and qualification of key professional staff who shall carry out the assignment in a time bound manner (furnish a detailed list of all the skilled / semi skilled employees / staff).																									
8	Whether the audit firm / LLP or any sister/ associate concern is conducting the statutory audit of SIDBI or Concurrent Audit in any of SIDBI branches / HO Verticals.																									

Note: All the relevant details & documentary evidence, etc. are to be furnished. The above is only a format. Information may be submitted in additional sheet(s) as may be required.

i. The following declaration/ undertaking shall be furnished by the firm:

- a) The firm/ LLP shall agree to execute undertaking of fidelity and secrecy on its letter head in the format prescribed by the Bank, if the contract assigned
- b) That the information submitted is complete in all respect and true to the best of our knowledge.
- c) A declaration to be furnished by the firm that credit facilities availed by the firm or partners or firms in which they are partners or directors including any facility availed by a third party for which the firm or its partners are guarantor/s have not turned or are existing as non-performing assets as per the prudential norms of RBI. In case the declaration is found incorrect, the assignment would get terminated besides the firm being liable for any action under ICAI/ RBI guidelines.
- d) The firm / LLP must submit an undertaking that the firm / LLP does not have any professional relationship with any of the borrowers of SIDBI nor will it in future accept professional relationship with any of the borrowers of SIDBI during the period during which the firm / LLP acts as the concurrent auditor for SIDBI.
- e) Any other terms and conditions of the assignment would be decided by the Bank on a case-to-case basis.

Note: Formats for the above are given in later pages.

a) Details of concurrent audit

Sr. No.	Name of the Bank/FIs	Branch/HO	Year of Audit/ Period (From - To) [Data required for the last 10 years of your firm]

b) Details of Statutory Central Audits (SCA)/ Statutory Bank Auditor (SCB) of various Banks

Sr. No.	Name of	Branch/HO	Specify SCA/ SCB (Category I/II)	Year of Audit/ Period (From - To) [Data required for the last 10 years of your firm]

Declarations:

All the applicants should submit their bid along with the following declarations and undertaking

(i) Declaration to be furnished in the letter head of the firm/ LLP.

We hereby declare that the information submitted above is complete in all respect and true to the best of our knowledge. We understand that in case any discrepancy or inconsistency or incompleteness is found in the information submitted by us, our application is liable to be rejected.

Date:

Authorised Signatory

(ii) Declaration of Eligibility

I/ We _____ Chartered Accountants hereby declare that I/ We comply with the eligibility conditions specified, established under the Chartered Accountants Act, 1949, and I/ We declare that:

None of the Partners of the firm do not have any disciplinary proceeding under the Chartered Accountants Act, 1949 pending against them or any disciplinary action under the Chartered Accountants Act, 1949/ penal action under any other law taken/ pending against him/ her.

Credit facilities availed by the firm or partners or firms in which partners or directors, including any facility availed by a third party for which the firm or its partners are guarantor/s, have not turned or are existing as Non Performing Assets as per the prudential norms of RBI.

The firm does not have any professional relationship with any of the borrowers of SIDBI nor will it in future accept professional relationship with any of the borrowers of SIDBI during the period during which the firm acts as the concurrent auditor for SIDBI.

It is further confirmed that the firm is not the Statutory Auditor of Small Industries Development Bank of India (SIDBI).

None of the Partner of the firm hold any shares or other securities (including options or futures) in Small Industries Development Bank of India (SIDBI).

Our Firm has conducted / has not conducted concurrent audit of _____ (BO) / _____ (HO Vertical)/ _____ (other offices of SIDBI) during the period _____. (Give status since 01/11/2014).

Our Firm will continue to satisfy the eligibility norm for appointment of Chartered Accountants as Concurrent Auditors as prescribed by the Bank from time to time.

I/ We understand that any breach of the provisions regarding eligibility shall be considered as gross negligence and may result in appropriate action under the Chartered Accountants Act, 1949.

For _____
Chartered Accountants

Place: _____

Date: _____

Partner