

## **REQUEST FOR PROPOSAL**

For

**(Concurrent Audit of Investment transactions and related systems)**

**Issue Date: 17<sup>th</sup> November 2011**

**Last Date for submission of proposals: 2<sup>nd</sup> December 2011**

## Table of Contents

<b>1.0</b>	<b>INTRODUCTION AND SCOPE</b> .....	<b>3</b>
1.1	PURPOSE .....	3
1.2	REQUEST FOR PROPOSAL DEFINITIONS .....	3
<b>2.0</b>	<b>TERMS OF THE RFP</b> .....	<b>4</b>
2.1	ACKNOWLEDGEMENT .....	4
2.2	PROPOSAL DEADLINES.....	4
2.3	COMPANY’S OBLIGATIONS .....	4
2.4	PROPOSAL EVALUATION .....	4
2.5	RFP TERMS AND CONDITIONS APPLIED TO FINAL CONTRACT.....	5
2.6	TERMS BINDING ON BIDDER .....	5
2.7	HOLD HARMLESS.....	5
2.8	CONFIDENTIALITY PROVISION .....	5
2.9	SUB-CONTRACTING .....	6
2.10	ACCEPTANCE OF PROPOSALS .....	6
2.11	EVALUATION AND SELECTION .....	6
2.12	LIABILITY FOR ERRORS.....	6
2.13	ACCEPTANCE OF TERMS .....	6
2.14	OWNERSHIP OF PROPOSALS .....	6
2.15	USE OF REQUEST FOR PROPOSAL .....	7
2.16	RFP SCHEDULE .....	7
2.17	DELAY IN PERFORMANCE OF THE OBLIGATIONS BY THE BIDDER.....	7
<b>3.0</b>	<b>PROPOSAL PREPARATION</b> .....	<b>7</b>
3.1	PROPOSAL FORMAT .....	7
3.2	NOTIFICATION OF CHANGES .....	8
3.3	CHANGES TO PROPOSED WORDING.....	8
3.4	BIDDER’S EXPENSES .....	8
3.5	CURRENCY AND TAXES .....	8
3.6	COMPLETENESS OF PROPOSAL .....	8
<b>4.0</b>	<b>SCOPE</b> .....	<b>8</b>
<b>5.0</b>	<b>REQUIREMENT FOR SUBMISSION</b> .....	<b>10</b>
5.1	SERVICE PROVIDING ABILITIES (PREQUALIFICATION CRITERIA) .....	10
5.2	FIRM DETAILS & CREDENTIALS .....	11
5.3	COMMERCIAL QUOTATION .....	11
	ANNEXURE 1.....	11

## **1.0 INTRODUCTION and SCOPE**

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited (“Company”) is carrying on life insurance business in India. Company intends to identify and engage a firm of Chartered Accountant to conduct Concurrent Audit of Investment transactions and related systems starting 1<sup>st</sup> April 2012 for which this RFP is being issued.

### **1.1 Purpose**

The purpose of this RFP is to inform potential firms of Chartered Accountants of a professional opportunity and to solicit proposals for conducting Concurrent Audit in accordance with the scope detailed in the ‘Technical Guide on Internal/ Concurrent Audit of Investment Functions of Insurance Companies’ (“Technical Guide”) issued by the Institute of Chartered Accountants of India (in consultation with IRDA). Based upon the review and evaluation of proposals offered in response to this RFP, Company may at its sole discretion negotiate and enter into contract with one successful Bidder.

Notwithstanding any other provision herein, Bidder participation in this process is voluntary and at Bidder's sole discretion. Remuneration will be a consideration but will not be the sole factor in Company's decision to award a contractual relationship. The Company reserves the right to accept or reject any or all bids from a specific or multiple Bidders for any reason at any time. The Company also reserves the right at its sole discretion to select or reject any or all Bidder(s) in this process and will not be responsible for any direct or indirect costs incurred by the Bidders in this process.

### **1.2 Request for Proposal Definitions**

Throughout this Request for Proposal, the following definitions are used:

- “Bidder” means a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI) that submits, or intends to submit, a proposal in response to this “Request for Proposal”;
- “Vendor” means the Bidder awarded a Contract resulting from this RFP;
- “Contract” means the agreement formed between the Company and the successful bidder as evidenced by a Letter of Engagement issued to the Company;
- “Contract Documents” means the Agreement, the Bidders proposal document, the RFP and such other documents as listed in the Agreement, including all amendments or addenda agreed between the parties;
- “Must”, “mandatory” or “required” means an absolute minimum function or capacity, which, if not satisfied in the proposal, may result in disqualification in the final evaluation;
- “De-identification” is the process of removing from data any information from electronic media that identifies a particular individual.
- “RFP” means this request for proposal including any amendments, attachments, and/or clarifications pertaining to this RFP that may be issued prior to the closing date; and,
- “Should”, “may” or “is desirable” means desirable but not mandatory functions or capacities. Bidders who are able to provide these functions or capacities may be

evaluated more favorably than those who cannot.

## **2.0 Terms of the RFP**

### **2.1 Acknowledgement**

The Company is going to release the RFP for Concurrent Audit of Investment transactions and related systems online on its website ([www.canarahsbclife.com](http://www.canarahsbclife.com)) with the sole aim of making the process fair, transparent and to provide opportunity for all eligible firms to bid. The Bid (as per attached formats) duly sealed and super scribed **“RFP for Concurrent Audit of Investment transactions and related systems”** should be addressed to **Saurabh Jain, Internal Audit, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, Augusta Point, 2nd Floor, DLF Golf Course Road, Sector-53, Gurgaon-Haryana (INDIA) 122002**. Please note that the Technical and Commercial bid must to be in separate sealed envelopes duly marked as “Technical Bid” and “Commercial Bids” respectively. Company is not responsible for non-receipt of quotations by the specified date and time due to any reason including holidays. All questions / clarifications should be communicated on email id [ritesh.rathod@canarahsbclife.in](mailto:ritesh.rathod@canarahsbclife.in), with cc to [bharat.kalsi@canarahsbclife.in](mailto:bharat.kalsi@canarahsbclife.in) and [saurabh.jain@canarahsbclife.in](mailto:saurabh.jain@canarahsbclife.in). Last date for receipt of any query is **24<sup>th</sup> November 2011** Quotations received after the stipulated time or the Due date or incomplete in any respect are liable to be rejected.

### **2.2 Proposal Deadlines**

Company must receive duly completed and signed proposals no later than 6:00 PM IST on **2<sup>nd</sup> December 2011**.

### **2.3 Company’s Obligations**

The submission and receipt of proposals does not obligate Company in any way. Company shall not be liable for any costs incurred by Bidders in the preparation, presentation or any other aspect of the proposals received by reason of this request, nor is Company obligated to negotiate separately with any sources whatsoever in any manner necessary to serve Bidder's best interests. Company makes no representation, implied or express, that it will accept and approve any proposal submitted. Any and all Contracts which result from this RFP shall be non-exclusive, non-commitment, as-ordered agreements. Company shall not have any liability to bidders for any interruption or delay in access to the site irrespective of the cause. Company will also be not responsible for any damages, including damages that result from, but are not limited to negligence. Also Company will not be held responsible for consequential damages, including but not limited to systems problems, inability to use the system, loss of electronic information etc.

### **2.4 Proposal Evaluation**

Proposals submitted may be reviewed and evaluated by any person at the discretion of Company’s internal evaluation team, including non-allied and independent consultants retained by Company now or in the future for the sole purpose of obtaining evaluations to proposals.

Bidders may be asked to further explain or clarify areas of their proposal in writing during the evaluation process.

Bidders are expected to submit their best bid in response to the RFP. The bids quoted shall be according to the scope of work stated in **Annexure 1 (Technical Guide) & covers all the relevant guidelines/circulars pertaining to concurrent audit responsibilities, as issued by IRDA from time to time.**

The only information regarding status of the evaluation of proposals that the team will give to any inquiring Bidder shall be whether or not that Bidder has been awarded a Contract. Company may, at its sole discretion, inform any inquiring Bidder of the reason(s) why it was not awarded the bid.

Company reserves the right to conduct a reverse e-auction after the completion of the RFP process, the schedule of which will be intimated later to all the pre-qualified bidders.

## **2.5 RFP Terms and Conditions Applied to Final Contract**

The terms and conditions of the RFP, including the specifications and the completed proposal, will become, at Company's sole discretion, part of the final Contract (the "Contract") between Company and the selected Bidder. In the event that responses to the terms and conditions will materially impair a Bidder's ability to respond to the RFP, Bidder should notify Company in writing of the impairment. If Bidder fails to object to any condition incorporated herein, it shall mean that Bidder agrees with, and will comply with the conditions set forth herein.

Any exceptions to the terms and conditions or any additions, which Bidder may wish to include in the RFP, should be made in writing and included in the form of an attachment to the applicable Section in the RFP.

## **2.6 Terms Binding on Bidder**

Following the date for submission of proposals, and prior to Contract award, the RFP shall be binding upon Bidder in all respects for a period of 90 days.

## **2.7 Hold Harmless**

In submitting a proposal, Bidder understands that Company will determine at its sole discretion which proposal, if any, is accepted. Bidder waives any right to claim damages of any nature whatsoever based on the selection process, final selection, and any communications associated with the selection.

Company reserves the right to award the Contract to the Bidder(s) whose proposal is deemed to be the most advantageous in meeting the specifications of the RFP. In addition, Company reserves the right to add or waive any requirements contained in this RFP at its sole discretion with regard to proposals submitted. Company's decision on award of Contract shall be final and binding on all the Bidders.

Company shall be at liberty to cancel the online RFP / online reverse auction process at any time, before ordering, without assigning any reason.

## **2.8 Confidentiality Provision**

The terms of this RFP, the information provided by Company herein and all other information provided by Bidder in connection with the services offered to be provided by the Bidder pursuant to this RFP, are to be treated by Bidder as strictly confidential and proprietary. Such materials are to be used solely for the purpose of responding to this request. Access shall not be granted to third parties except upon prior consent of Company and upon the written agreement of the intended recipient to treat the same as confidential. Company may request at any time that any of Company's material be returned or destroyed.

Should Bidder choose not to respond to this RFP, please return all materials and any duplicates thereof at:

**Title: RFP for "Concurrent Audit of Investment transactions and related systems"**  
**Kind Attn: Saurabh Jain, Internal Audit**  
**Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.**  
**Augusta Point, IInd floor**  
**Golf Course Road, Sector 53**

## **2.9 Sub-Contracting**

The services offered to be undertaken in response to this RFP shall be undertaken to be provided by the Bidder directly employing their employees. In case bidder takes support of external / temporary staff, then also the responsibility of completion of assignment and delivery of report including accountability to ensure compliance with the requirement of the RFP and the contract entered with the Company shall rest on the bidder.

## **2.10 Acceptance of Proposals**

Company reserves the right to modify the terms of the RFP at any time at its sole discretion and the same will be uploaded on the website <http://www.canarahsbclife.com>. The bidders have to remain updated about the same from the website and Company will not be responsible for such information not being downloaded by the bidder. Subsequent to the submission of proposals, interviews and negotiations may be conducted with one or more Bidders, but there will be no obligation to receive further information, whether written or oral, from any Bidder not to disclose the nature of any proposal received.

This RFP should not be construed as an agreement to purchase products or services. Company is not bound to accept the lowest price or any proposal of those submitted. Proposals will be assessed in accordance with the evaluation criteria.

## **2.11 Evaluation and Selection**

A committee will evaluate proposals against the mandatory criteria as detailed in Section 5.1. Proposals meeting all the mandatory criteria will then be assessed and scored against the evaluation criteria. Company's decision on evaluation shall be final and binding on all the bidders. Bidders who qualify the evaluation criteria will be empanelled for services. Commercial bids will be opened for the empanelled bidders post technical evaluation.

## **2.12 Liability for Errors**

While Company has used considerable efforts to ensure an accurate representation of outsourced, the information contained in this RFP is supplied as a guideline for Bidders. The information is not guaranteed or warranted accurate by Company, nor is it necessarily comprehensive or exhaustive. Nothing in this RFP is intended to restrict the Bidders from forming their own opinions and conclusions with respect to the matters addressed in this RFP. In the event Company finds that the objectives of the intended outsourcing is better achieved by processes/procedures other than those mentioned in this document, Company shall have the right irrespective of the fact whether it has already received proposals from intending bidders or not, to effect such changes and enter into negotiations with one or more Bidders at its sole discretion for such changed/modified processes.

## **2.13 Acceptance of Terms**

All the terms and conditions of this RFP shall be deemed to be accepted by the Bidder and incorporated in its proposal unless specifically notified otherwise.

## **2.14 Ownership of Proposals**

All documentation, including proposals, submitted to Company will become the property of Company.

## 2.15 Use of Request for Proposal

This document or any portion thereof, is the property of Company and may not be used or copied for any purpose other than the submission of the Bidder's proposal.

## 2.16 RFP Schedule

- Company advertises RFP on its website 17<sup>th</sup> November 2011
- All inquiries regarding RFP due by close of business 24<sup>th</sup> November 2011
- Bidders' deadline for submitting responses to RFP 2<sup>nd</sup> December 2011
- Company informs final selection to bidders 31<sup>st</sup> January 2012

## 2.17 Delay in performance of the obligations by the Bidder

The Bidder will be obliged to complete the audit as per the schedule, to be specified in the engagement letter to be executed between the Company and the Bidder for performance of the obligations arising out of the purchase/ agreement and must strictly adhere to it. Any delay will invite penalties as deemed fit by the Company and defined in the letter of engagement.

## 3.0 Proposal Preparation

This section defines the proposal preparation and submission procedures, which are to be followed by all Bidders. Bidders are cautioned to carefully read and follow the procedures required by this RFP. Please note that deviations may be cause for rejection of your proposal.

### 3.1 Proposal Format

The Bids (as per details mentioned below and in Section 5.0) should be duly sealed and super scribed **“RFP for Concurrent Audit of Investment transactions and related systems”** and should be addressed to **Saurabh Jain, Internal Audit, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, Augusta Point, 2nd Floor, DLF Golf Course Road, Sector-53, Gurgaon- Haryana (INDIA) 122002**. Please note that the Technical and Commercial bid must be in separate sealed envelopes duly marked as **“Technical Bid”** and **“Commercial Bids”** respectively. Company is not responsible for non-receipt of quotations by the specified date and time due to any reason including holidays. All questions / clarifications should be communicated on email id [ritesh.rathod@canarahsbclife.in](mailto:ritesh.rathod@canarahsbclife.in), with cc to [bharat.kalsi@canarahsbclife.in](mailto:bharat.kalsi@canarahsbclife.in) and [saurabh.jain@canarahsbclife.in](mailto:saurabh.jain@canarahsbclife.in). **Last date for receipt of any query is 24<sup>th</sup> November 2011**. Quotations received after the stipulated time of the due date or incomplete in any respect are liable to be rejected.

- a) Bidder's name and address, Bidder's telephone number, email address and a contact person.
- b) One page letter of introduction identifying the Bidder and signed by the person or persons authorised to sign and bind the Bidder to statements made in the proposal. The returned RFP will be referenced as an attachment if/when a contractual agreement is executed. This document has to be uploaded and mapped with this corresponding schedule.
- c) Please follow the format of this RFP, placing answers in the text box immediately after sections requiring responses (in Section 5). Please do not enter any information into any

part of this document other than the boxes provided. The boxes will expand to accommodate responses of any length.

- d) Commercial quotation should be submitted in a separate envelope with details mentioned in Section 5.3.
- e) NO CHANGES TO THE LINES, FORMAT OR STRUCTURE OF ANY SECTION IS PERMITTED. CHANGING THE FORMAT IN ANY WAY, OTHER THAN INSERTING THE REQUIRED INFORMATION, SHALL BE CONSIDERED CAUSE FOR YOUR COMPANY'S DISQUALIFICATION FROM FURTHER ANALYSIS AND PARTICIPATION IN THE RFP PROCESS.
- f) Any additional information, brochures, etc., can be provided at the discretion of the Bidder and should be clearly labelled and uploaded.

### **3.2 Notification of Changes**

The Company reserves the right to add/ delete/ modify any or all requirements contained in this RFP at its sole discretion. Such changes will be notified on the Company's website at [www.canarahsbclife.com](http://www.canarahsbclife.com). Bidders must keep themselves abreast of any changes of their own accord and at their own risk.

### **3.3 Changes to Proposed Wording**

The Bidder will not be permitted to change the wording of its proposal after submission to Company. No words or comments will be added to the general conditions or detailed specifications unless requested by Company for the purposes of clarification.

### **3.4 Bidder's Expenses**

Bidders are solely responsible for their own expenses in preparing and submitting a proposal to Company, if any.

### **3.5 Currency and Taxes**

Prices quoted are to be:

- In Indian rupees;
- Exclusive of all taxes.

### **3.6 Completeness of Proposal**

By submission of a proposal, the Bidder warrants that all components required to manage the program have been identified in the proposal or will be provided by the Company at no charge.

## **4.0 Scope**

The scope of this audit is as per the 'Technical Guide on Internal/ Concurrent Audit of Investment Functions of Insurance Companies issued by ICAI (in consultation with IRDA)' and includes:

1. Confirming the implementation of Investment Risk Management Systems and Process, as committed by Company's Board, listing the proof based on which such confirmation is made.
2. Confirming the implementation of Audit Committee's recommendation of Previous Quarter



3. Review of Standard Operating Procedures & Systems supporting the investment process:
  - The scope shall cover the investment policy and SOP of the Company for compliance with IRDA guidelines
4. Review of investment related transactions & operations
  - The scope shall cover extensively the Front Office, Mid Office & Back Office functions, the investment domain requirement and Systems and Process supporting the investment transactions.
  - The review shall include follow-up of all previous pending audit observations.
  - The review shall cover ALL categories of investments permissible, falling under both Shareholders' and Policyholders' funds.
  - The Audit shall cover ALL transactions/ operations and have the same periodicity as that at which such transactions are recorded
  - The Audit shall also covers all the relevant guidelines pertaining to concurrent audit responsibilities, as issued by IRDA from time to time.
  - The Audit shall also cover the review of compliance with regulations, monitoring of SLA with the bidder and signoff of daily checklist for various activities undertaken by the bidder.
5. Audit Report & Certification
  - The Audit Report shall mandatorily be reported in the manner and format defined in the 'Technical Guide on Internal/ Concurrent Audit of Investment Functions of Insurance Companies.
6. Presentation to the Board and Committees of the Company
  - The Company may require the Firm to present its Report to the Board or its Committees. In such an event, the Partner of the Firm shall make himself/ herself available for the discussion with the Board/ Committees.
7. Frequency of audit will be daily/ weekly/ monthly, as required by the level of transactions and the regulations. However a consolidated report shall be prepared once every quarter.
8. Term of Services and Contract includes:
  - The Concurrent audit term shall be for the financial year and where the appointment is made during the course of the financial year, it shall be upto the end of that financial year.
  - The Concurrent Auditor shall be appointed by the Audit Committee of the Board and the Auditor shall directly report to the Audit Committee of the Board.
  - The contract may be extended or terminated (giving 3 months notice by either side)

for further terms depending on Company's evaluation of performance by the selected bidder being satisfactory and also subject to conditions specified in Circular INV/CIR/023/2009-10.

## 5.0 Requirement for submission

The purpose of this section is for Bidders to provide information to demonstrate to Company that its services offering satisfy Company's requirements. The Bidder should also demonstrate that it has the financial and organizational infrastructure to fulfil the fundamental requirements set out in this RFP. Bidders not meeting them or not demonstrating that they do meet them may not receive further consideration during the evaluation process. The questionnaire for response is given below. Response to all queries is mandatory, please write not applicable against the queries that you do not wish to answer.

### 5.1 Service Providing Abilities (Prequalification Criteria)

S. No.	Criteria	Documents / Information required	Vendor Response
1	The Audit firm should have experience, for at least four years, in conducting reviews of Risk Management System and Process of either banks or Mutual Funds or Insurance Companies, or have, on behalf of IRDA conducted Investment Inspection of Insurance Companies.	Details of assignments handled (name of the clients serviced, nature of the assignment, period of assignment etc.).	
2	On the date of appointment the Auditor must not hold more than two audits of Internal, Concurrent and Risk Management Systems audit, all taken together. (Refer IRDA circular INV/CIR/023/2009-10 dated 4 <sup>th</sup> Aug 2009)	<b>Declaration</b> stating the details of other appointments to be held as on 1 <sup>st</sup> April 2012 (Name of clients serviced, nature of assignment and date since which the auditor is providing services to such clients).	
3	The Auditor should not have been prohibited/debarred by any regulating agency including IRDA, RBI, SEBI, ICAI etc.	<b>Declaration</b> stating that the auditor have not been prohibited/ debarred by any regulating agency including IRDA, RBI, SEBI, ICAI etc.	
4	The Auditor proposing to be appointed as Concurrent Auditor should not have conducted the following assignments for the Company, during a period of two years immediately preceding his appointment.	<b>Declaration</b> stating that the auditor has not conducted the following assignments for Company.	
4 (a)	Statutory Audit		
4 (b)	Any Internal Audit		
4 (c)	Any Concurrent Audit		
4 (d)	Any consulting assignment, whether or not related to Audit functions.		
4 (e)	Reviews of certification of Investment Risk Management Systems and Process		
5	Declaration that the firm is not prohibited under any regulations or any of its existing commitments with its clients from taking up the assignment.	<b>Declaration</b> stating that the firm is not prohibited under any regulations or any of its existing commitments with its clients from taking up the assignment.	
6	Disclosures and declarations of no conflict of interest occurring to the firm from taking up the present	<b>Declaration</b> of no conflict of interest occurring to the firm	

	assignment.	from taking up the present assignment.	
--	-------------	----------------------------------------	--

## 5.2 Firm Details & Credentials

S. No.	Evaluation Criteria	Documents required	Vendor Response
1	Organizational documents – details of registration of firm	ICAI Registration number and date of registration; Brief profile of partners.	
2	Total firm revenue for Financial Year 2010-11	Self certified revenue statement OR Audited Balance Sheet	
3	Total employee strength in Delhi office Branch wise employee strength of the firm across country.	Self certified statement declaring the employee strength across country and in Delhi office.	
4	No. of years of experience (for completed years) of conducting following audits for Insurance companies:	List of insurance companies audited with following details: - Nature of assignment - Review period - Full review of the entire Company or branch office review.	
4 (a)	Statutory audits		
4 (b)	Internal Audits		
4 (c)	Risk Management certification		
4 (d)	IRDA investigations (of Investment function)		
4 (e)	Investment concurrent audits		
5	Experience of auditing fund accounting and NAV computation with bank, mutual fund and insurance companies.	Self certified statement with client details, nature of assignment and periodicity of assignments.	
6	Empanelled with CAG	Empanelment number as allotted by CAG.	
7	Total experience in handling audit of investment function for life insurance companies.	Self certified statement along with the total number and names of such companies handled by the firm.	

## 5.3 Commercial Quotation

The prices have to be submitted in sealed envelopes (separate from technical bid) in accordance to the details mentioned below:

- Annual Fees in INR (excluding all taxes);
- Approx. out of pocket expenses (stated in terms of total % of annual fees);
- Details of any other fees / costs.

### ANNEXURE 1

- [Technical Guide on Internal/ Concurrent Audit of Investment Functions of Insurance Companies \(attached\)](#)