
REQUEST FOR PROPOSAL (RFP) - STATUTORY CENTRAL AUDIT

Tender Reference Number: RFP / IAD / SCA / 01/2023-24
Date of issue of RFP: 02.01.2023

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1. Preface

- i) The purpose of this RFP is to solicit proposal from eligible audit firms to conduct the Statutory Central Audit from Financial year 2023-24 of The Federal Bank Ltd. (CIN: L65191KL1931PLC000368).
- ii) The RFP is being uploaded on Federal Bank's website to be responded by audit firms which satisfy the Minimum Eligibility Criteria prescribed under Clause 5 of this RFP.
- iii) The last date for submission of proposal is **15th January 2023**.
- iv) No proposals would be accepted after the above deadline.
- v) Federal Bank reserves the right to accept any proposal or reject all the proposals, without assigning any reasons whatsoever. The Bank's decision in this regard shall be final and binding.

2. About Federal Bank

The Federal Bank Limited is a bank licensed under Banking Regulation Act, 1949 which became a scheduled commercial bank under the second schedule of Reserve Bank of India Act 1934 in July 20, 1970. The equity shares of the Bank are listed on BSE Limited and National Stock Exchange of India Limited (NSE). The Global Depository Receipts (GDRs) issued by the Bank is listed on London Stock Exchange (LSE). The bank has 1305 branches and 1876 ATMs /Recyclers as on 30th September 2022 spread across 24 states, Delhi NCT and 4 union territories. With a total business of Rs. 3,50,386.03 Crores, the Bank has a CRAR of 13.84% and an asset size of Rs. 2,37,112.43 Crores as on 30.09.2022.

3. Submission and evaluation of Proposals

- i) The proposals shall be submitted duly signed by the authorized signatory with the seal of the audit firm to the below email address with the title – ***"RFP for Statutory Central Audit of Federal Bank"***:

jojoa@federalbank.co.in
inspection@federalbank.co.in

- ii) The documents to be submitted are:
 - a. Profile of the Audit Firm (with details of the firm, present and past audit assignments, educational qualification and experience of the partners, areas of specialization, contact details of the firm, audit infrastructure facilities and manpower)
 - b. Additional details to be furnished by the audit firm in the format enclosed (Annexure 1). This has to be furnished in the letter head of the firm.
- iii) For any clarifications regarding RFP, please contact:

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4. Scope of Work

The scope of work of Statutory Central Auditor(s) will cover the following:

- i) Audit of accounts and financial statements of the Bank including consolidated financial statements and issue of Reports as required under the Companies Act 2013, SEBI (LODR) Regulations, 2015 and RBI requirements/regulations.
- ii) Quarterly Limited Review of standalone and consolidated financial results for three quarters in a year for reporting under Clause 41 of the listing agreement in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (LODR) Regulations, 2015
- iii) Yearly audit of accounts of the Head Office, Treasury, Operations, IFSC Banking Unit and all other administrative offices, credit hubs and other allotted branches including specialized branches like LCRD Divisions etc.
- iv) Issue of LFAR, Statutory and Regulatory Certification/Validation and other requirements as prescribed by the regulator or other Acts.
- v) Consolidation of Audit Reports/LFAR/Tax Audit Reports received from Branch Auditors.
- vi) Audit and other Reports as required under the Income Tax Act, 1961.
- vii) Issue of other certificates required as per any statutory/regulatory requirements arising during/relating to the period of engagement as statutory auditor

5. Minimum Eligibility Criteria

All the details like eligibility criteria and procedure for appointment of Statutory Central auditors are mentioned in the Policy on Appointment of statutory Central Auditors, which is uploaded on Federal Bank's website. The existing norms as per the Policy on Appointment of Statutory Central Auditors are reproduced below:

Sl No.	Criteria	Statutory Audit Policy
1	No. of full-time partners (FTP) *	8 minimum (associated with the firm for a period of at least three (3) years)
2	Requirement of partners to have continuous association with the firm (number of partner – number of years of continuous association) min requirement	1 partner – 15 years 1 partner – 10 years 2 partners – 5 years each 1 partner – 1 year
3	No. of FCA Partners (out of Sl. No. 2)	4 minimum (associated with the firm for a period of at least three (3) years)
4	Minimum No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification	2 FTPs/ Paid CAs (at least one-year continuous association of paid CAs with CISA / ISA qualification)
5	Minimum No. of years of Audit Experience of the firm	15 years as Central Auditor of Commercial Banks (excluding RRB's) with deposits resources of not less than Rs.500 Crores
6	Minimum no. of professional staff	a)30 professional staff

		(With at least one-year continuous association of professional staff with the firm as on the date of shortlisting) b) Out of a) firm should have at least 10 full time qualified Chartered Accountants and need not have minimum requirement of continuous association with the firm)
7	Standing of the firm (No. of years)	15 minimum
8	Tenure (period of appointment)	continuous period of three years (subject to approval from RBI)

* SI no 1: There should be at least one-year continuous association of partners with the firm as on the date of shortlisting for considering them as fulltime partners. The full-time partner's association with the firm would mean exclusive association. The definition of 'exclusive association' will be based on the following criteria:

a. The full-time partner should not be a partner in other firm/s

b. She / he should not be employed full time / part time elsewhere

c. She / he should not be practicing in her / his own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949

d. The Board / ACB shall examine and ensure that the income of the partner from the firm / LLP is adequate for considering them as full-time exclusively associated partners, which will ensure the capability of the firm for the purpose.

6. General Terms and Conditions

a) Term of Assignment

The auditor under this RFP will be appointed from the conclusion of the next Annual General Meeting and shall hold office till the conclusion of the subsequent Annual General Meeting. The Audit firm, subject to fulfilling the prescribed eligibility norms will be allowed to continue as the SCA of the bank as permitted by RBI.

b) Adherence to Terms and Conditions

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

c) Software / Hardware requirements

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

d) Professionalism

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

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

e) Single Point of Contact

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

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

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

g) **Authorized Signatory**

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

Annexure 1

ADDITIONAL DETAILS TO BE FURNISHED BY THE AUDIT FIRM

SI No.	Particulars	Details	
1.	Name of the Firm		
2.	Address of the Firm (Head Office)		
3.	Number of Branches / offices with details thereof		
4.	No. of full-time partners (FTPs) (associated with the firm for a period of at least three (3) years)		
5.	Number of FCA partners (out of SI. No.4) (associated with the firm for a period of at least three (3) years)		
6.	No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification. (at least one-year continuous association of paid CAs with CISA / ISA qualification)		
7.	Names of Partners with qualification and years of experience	Name of Partner	Experience as partner with firm & total number of post qualification experience
8.	No. of years of Audit Experience of the firm as Central Auditor of Commercial Banks (excluding RRB's) with deposits resources of not less than Rs.500 Crores.		
9.	Experience in Statutory Central Audit (No. of Bank(s)) (Please mention names of banks with years of experience)		
10.	No. of professional staff (With at least one-year continuous association of professional staff with the firm as on the date of shortlisting)		
11.	Out of total No. of professional staff (out of SI. No.10), no. of full time qualified Chartered Accountants		
12.	Standing of the firm (in years)		

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13.	No. of CAs who would be engaged exclusively for the Statutory Audit Assignment of Federal Bank	
14.	Previous assignments with Federal Bank (Year of assignment & type of audits, Statutory Central/Branch audit, Concurrent audit, Stock audits etc)	
15.	Whether any of the partner(s) is Director of any Private Sector / Public Sector Bank?	
16.	Whether any disciplinary action taken / pending proceedings against the firm by ICAI?	
17.	Whether any enforcement action including issuance of Cautionary Advice against the firm under the Enforcement action framework of RBI	
18.	Whether debarred by any law enforcement / Government Agency, National Financial Reporting Authority (NFRA), the Institute of Chartered Accountants of India (ICAI), RBI or Other Financial Regulators. agencies? /any cases pending with them?	
19.	Whether any of the clients of the firm in legal battle with Federal Bank?	
20.	Statutory audit of commercial banks/institutions for FY 2023-24: a) No. of PSB: b) No. of All India Financial Institution (NABARD, SIDBI, NHB, EXIM Bank) or RBI c) No. of UCBs d) No. of NBFCs	