

## **1 Assignment:**

- 1.1 SBI DFHI proposes to appoint, a Chartered Accountant Firm / LLP, as Concurrent (Internal cum Compliance) Auditors for the Company for the financial year 2020-21 subject to review & renewal thereafter.

## **2 Minimum Eligibility Criteria:**

- 2.1 The Firm / LLP should have a minimum of 5 Chartered Accountants as Partners out of which one should be a qualified Information System Auditor (CISA / ISA).
- 2.2 The Firm / LLP should have at least three years' experience of audit of treasury operations of a Commercial Bank with treasury size of minimum Rs.20,000 crore or of a Standalone Primary Dealer.
- 2.3 The Firm / LLP should have an office in Mumbai / Navi Mumbai / Suburban Mumbai / Thane.
- 2.4 Statutory Auditors of the Company, State Bank of India or any of the SBI group Companies, during the year of audit and for one year (to be counted from the date of conclusion of the relevant AGM of the Company) after the Firm / LLP ceases to be auditor should NOT apply for the assignment.

## **3 Other Terms and Conditions:**

- 3.1 The Concurrent audit has to be done on daily basis. Trained representative of the Firm / LLP shall be available on all working days.
- 3.2 The Chartered Accountant Firm / LLP cannot assign / subcontract the job in any sense of the term and in any form whatsoever it may be to any other person or firm or entity. Any assignment / subcontract of the job in favor of others either through operation of law or otherwise will deem the original contract as terminated.
- 3.3 One of the Principal Partners or senior partner shall visit the Company at least minimum 3 days every month and the number of visits may be increased depending upon the need. Further one of the Principal Partners or senior partner have to be present in meetings of ACB / Board / during RBI audit / CAG audit when notified.
- 3.4 Application once submitted will be treated as final and no further correspondence will be entertained. As no subsequent modification of application / documents are permissible, the Firm / LLPs are advised to exercise utmost care in preparation and submission of application / documents.

- 3.5 The Concurrent (Internal cum Compliance) Auditor will be fully responsible for the quality of the audit, timely completion of audit and submission of the audit reports and reporting to the Management.
- 3.6 Any change in the name, address, constitution and partnership deed must be reported to the Company within 15 days of such change with necessary supporting documents. Failing which, it will be treated as deliberate suppression of facts by the Firm / LLP. In such eventualities, Company also reserves its right to terminate the contract with such Firm / LLP without notice.
- 3.7 The broad areas to be covered in the Concurrent (Internal cum Compliance) Audit is furnished in Annexure – II and shall be revised from time to time based on the regulatory / statutory changes and requirements of the Company. Concurrent (Internal cum Compliance) audit will be on line as well as any other method / process to be adopted by the Company.
- 3.8 In case any information furnished during the application process is found at any point of time, to be incorrect, SBI DFHI Limited will not only summarily reject the application / terminate the contract without any notice, but also the applicant may be blacklisted from any future such process with the Company.
- 3.9 SBI DFHI Limited may share such information with ICAI, Reserve Bank of India (RBI), SEBI or PDAI / FIMMDA which is the voluntary representative body of all institutions in the country or any other organization, who, in turn, may share the information among its member institutions.
- 3.10 Any terms and conditions beyond the scope of this process added by the bidder, whether implicitly or explicitly stated in any of the responses, will be ignored.
- 3.11 Notwithstanding anything contained herein above, the Company reserves its right to terminate the contract by giving 30 days prior notice to the other side without assigning any reasons.

#### **4 Fidelity and Secrecy Clauses:**

- 4.1 The selected Firm / LLP and its employees will strictly undertake not to record by any means or to communicate or allow to be recorded by any means or communication to any person or divulge in any way any information relating to the conversations, events, ideas, concepts, know-how, techniques, data, facts, figures and all information, howsoever concerning or relating to the Company and its affairs to which the audit Firm / LLP / their employees etc. have access in the course of performance of the contract. The successful Firm / LLP, on award of contract, will execute a non-disclosure agreement and declaration of fidelity and secrecy as per the Company's standard format. All personnel of the Concurrent (Internal cum Compliance) Auditor, before commencing the Audit have to execute a declaration of fidelity and secrecy as per the format prescribed by the Company and submit valid KYC documents to the Company.
- 4.2 No data in any name can be transferred or converted to any other media by the representative of Firm / LLP under any circumstances. No public platform or social media or any media what so ever name it may be known can be used for any matter and issues relating to Concurrent (Internal cum Compliance) audit and relation, rights, responsibilities and obligations of the Firm / LLP or the Company.

## **5 How to Apply**

- 5.1 Interested CA Firm / LLP should submit their application as per format given in Annexure I. Application and Commercial should be enclosed in two separate sealed covers.
- 5.2 Two sealed covers: 1st Containing duly filled and signed Application form (as per Annexure I) super scribed "Application form" and 2<sup>nd</sup> Containing Commercials super scribed "Commercials" should be placed in another sealed cover super scribed as "**Application for Empanelment of Chartered Accountant Firm / LLP for Concurrent (Internal cum Compliance) Audit**" should reach us at below noted address on or before **12<sup>th</sup> March 2020 by 5.00 P.M.**
- "The Executive Vice President & CFO, SBI DFHI Limited, Voltas House, 3<sup>rd</sup> Floor, 23, J. N. Heredia Marg, Ballard Estate, Mumbai - 400001."**
- 5.3 The application and all correspondence and documents relating to this process must be written in English. The application must provide individual and factual replies to specific questions asked in the application. Documents submitted should be complete in all respects as required.

- 5.4 Application marked **Annexure-I** needs to be submitted duly filled in with required particulars accompanied by self-attested supporting documents. Application and all self-attested supporting documents to the application must be, signed / self-attested, by the authorized signatory for the applicant Firm / LLP. Please note that audit fee (Commercial) should include all charges for all items included in scope **Annexure II**.
- 5.5 Incomplete application without required supportive documents will not be considered by the Company.
- 5.6 In case of any clarification please e-mail your query to below noted email **before 5:00 pm 5<sup>th</sup> March 2020**. Subject line of the email should mention: **“Clarification: Concurrent Audit Application”**

**midoffice@sbidfhi.com**

## **6 DISCLAIMER:**

- 6.1 There is no commitment or obligations, whatsoever on the part of the Company or officials associated with the process within the Company, regarding the implementation for any future plans. Any assumptions made by bidders, on the basis of information shared herein, will be at their own risk and responsibility.
- 6.2 Company reserves the right to withdraw appointment process at any point of time without assigning any reason.

**ANNEXURE - I****Format for Application for appointment as Concurrent (Internal cum Compliance) Auditors**

1.	Name of the C.A. Firm / LLP	
2.	Address of Main Office of Audit Firm / LLP with Pin code	
3.	Local Address with Pin code	
4.	Date of Establishment	
5.	PAN of the Firm / LLP	
6.	Registration No. with ICAI	
7.	Unique Code No. RBI	
8.	Firm / LLP's RBI Category	
9.	GST Number of the Firm / LLP	
10.	No. of Partners	Name Qualification Additional Experience (Such as CISA / ISA etc.)
11.	Branches of C.A. Firm / LLP	
12.	Experience of Concurrent Audit of Treasury of Commercial Bank (min Treasury size (Rs.20000 crore) / Standalone PD. (Please give details with supporting documents) (Please mention size of treasury)	
13.	Experience of Concurrent Audit of Treasury of PSB (if any) (Please give details with supporting documents)	
14.	No. of Man Days in a month a CA will be deputed for this assignment	
15.	Whether Statutory Auditor of SBI / Its Group Company	
16.	Any consultancy / Advisory assignment currently doing for SBI / its group company	
17.	Whether any Partner of Firm / LLP is on board of any of SBI / its group Company	
18.	Any other relevant data	

We confirm that the information furnished above is true and correct and we have not been de-paneled / black listed by any organization in the past and we fulfill all the condition of eligibility for appointment as a Concurrent (Internal cum Compliance) auditor of the SBI DFHI Limited.

We have read the terms and conditions stipulated for appointment as Concurrent (Internal cum Compliance) Auditors of SBI DFHI Limited and we also understand

that the Company has reserved its right to accept or reject the application without assigning any reason.

Place:

Date:

Signature of the applicant with seal

**1 Scope of the Audit:**

- 1.1 The Audit Reports should, inter alia, cover checking of **100%** of transactions (whether through broker or otherwise) in Government Securities, Non Government Securities, Constituents Accounts, Money Market and Administration along with the supporting documents.
- 1.2 The scope and coverage of Concurrent (Internal cum Compliance) Audit to be carried out by the Firm / LLP would include checking of BASEL II and III related information, checking of additional returns, besides the following:

**2 Scope of Internal Audit:**

- 2.1 Compliance with the Rules, Regulations and Policies of the Company, RBI and other Regulatory Authorities.
- 2.2 Review of Internal Controls, Systems and Procedures of the Company.
- 2.3 Review of maintenance of proper books of accounts, records and documents.
- 2.4 Verification & checking all returns to State Bank of India, Reserve Bank of India and other Regulators before submission on a regular ongoing basis well in time.
- 2.5 Validation of Internal Capital Adequacy Assessment Process (ICAAP) Document once in a year.
- 2.6 Review the adequacy and effectiveness of the overall Risk Management Systems (including Derivatives), compliance with policies, procedures and limits.
- 2.7 Trace and verify information provided on risk exposure reports to the underlying data source.
- 2.8 Verification of voice call record of dealers.
- 2.9 Recommend improvements in Systems & Procedures consistent with applicable Accounting Standards.
- 2.10 Verification and Certification of half yearly Internal Audit Report for NSE Limited and BSE Limited.
- 2.11 Certification as may be required if necessitated, in respect of Investment Advisory activities.

**3 Scope of Concurrent Audit:**

- 3.1 Verification & Reporting of OTC trades, including (a) sale leg of short sale transactions on NDS-OM within 15 minutes and (b) reporting of sale of securities allotted to client bidders in primary auctions within one hour of allotment.
- 3.2 In case of short sell transactions, include verification of whether both sale and cover legs were done with GAH clients.

#### **4 Transaction Audit:**

- 4.1 Whether transactions are within the framework of policies and regulations framed by the Company, RBI and other Regulatory Authorities.
- 4.2 Whether all Intra Group (SBI Group) transactions are on arm's length basis - specific comment to be made in this regard.
- 4.3 All fund based transactions of Rs.10 Crore and above; non-fund based transactions of Rs.25 Crore and above and revenue expenditure transactions of Rs.5 Lakhs and above in respect of Intra Group (SBI Group) have to be audited at source and commented upon.
- 4.4 Whether transactions are contracted and executed as per the procedures and controls specified by the Company and Regulatory Authorities with regard to authorization and segregation of responsibility.
- 4.5 Whether all amounts due to/due by the Company are settled in time.
- 4.6 Whether Securities and Documents held by the Company are adequately safeguarded and there is no unauthorized movement of these items.
- 4.7 To recommend improvements in Systems and Procedures consistent with accepted Accounting Standards.
- 4.8 Compliance with Accounting Standards and Valuation norms, laid down by ICAI, FIMMDA, RBI etc.
- 4.9 Review of underwriting bids in auction and sale thereof.
- 4.10 Compliance with RBI guidelines and Internal Guidelines for all transactions in Government and non-Government Securities.
- 4.11 Checking of expenditure vouchers & e-TDS on monthly basis. Review of all expenses and comments on booking and classification of Income & Expenses under appropriate Account Heads.
- 4.12 Salary Booking.
- 4.13 Review of statutory deductions.
- 4.14 Review the integrity of MIS and timeliness of information reported to senior management.



4.15 Observations on various types of breaching of limits if any, reasons thereof and ratifications. Review of sign-off process for exceptional transactions.

4.16 Reconciliation of Bank accounts.

4.17 Monthly Ledger scrutiny and stock verification.

As specified by Reserve Bank of India, scope of Concurrent Audit would include monitoring broker-wise limits & prudential limits laid down by RBI, accuracy and timely submission of all regulatory returns, reconciliation of SGL/CSGL balances with PDO statements, reconciliation of current account balance with DAD statements, settlements through CCIL, stipulations with respect to short sale deals, when-issued transactions, constituent deals, money market deals, adherence to accounting standards, verification of deal slips, reasons for cancellation of deals, if any, transactions with related parties to ascertain whether done on "arms-length basis", verification of the daily activity logs of NDS-OM in order to verify whether the PD is giving two-way quotes in G-Secs, etc.

## **5 Scope of Compliance Audit:**

5.1 The scope of Compliance Audit will be to review compliance with the relevant laws as applicable to the operations of the Company. The applicable laws include:

5.1.1 Companies Act, 2013

5.1.2 Income Tax Act, 1961 & Rules thereunder

5.1.3 Reserve Bank of India Act, 1934

5.1.4 Employees Provident Fund and Miscellaneous Provisions Act, 1952

5.1.5 Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975 or similar law of the State in which the Branches are located,

5.1.6 The Payment of Gratuity Act, 1972

5.1.7 The Maternity Benefits Act, 1961

5.1.8 Bombay Shops & Establishment Act, 1948

5.1.9 Central Goods and Services Tax Act, 2017 and Rules there under

5.1.10 Undertaking to RBI by Primary Dealers

5.1.11 Information Technology Act, 2002

5.2 The Auditor will be required to issue draft reports on Concurrent Audit, Internal Audit and Compliance Audit separately to the Mid Office / Compliance Officer as the case may be for clarification and discussion and issue the final report as per following schedule:

<b>Type of Audit</b>	<b>Periodicity</b>	<b>Final Report to be submitted by</b>
Concurrent Audit	Monthly	By 10 <sup>th</sup> of following month
Internal Audit	Quarterly	By 15 <sup>th</sup> of next month after end of quarter

Compliance Audit	Half yearly	By 20 <sup>th</sup> of next month after end of quarter
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The list is illustrative and not exhaustive. It would also include any new relevant laws and guidelines issued by RBI & other Regulatory / Statutory authorities in future.