



Expression of Interest for Appointment of Internal/Concurrent Auditors

Ref.No. : NHB/AAD/5334/2015 dated 22-05-2015

1. Introduction:

1.1 National Housing Bank, New Delhi invites Expression of Interest (EOI) from reputed Audit firm/company registered with the Reserve Bank of India for appointment as Internal/ Concurrent Auditor of the Bank having its head office / Regional office at Delhi / Mumbai.

1.2 The Expression of Interest along with the profile, past experiences and annual remuneration expected should be sent to The General Manager, All Audits Department, National Housing Bank, Core 5A, 3rd Floor, India Habitat Centre, New Delhi - 110 003, in sealed envelope super-scribing "Expression of Interest for appointment as Internal/Concurrent Auditor of NHB for the financial year 2015-16 (July 1 - June 30)". The Last date and time for receipt of Bid Documents is June 11,2015 (6.00PM).Any bid received by the Bank after the due date of submission of bids will be rejected and/or returned unopened to the Bidder, if so desired by him.

2. Backdrop:

2.1 National Housing Bank (NHB) was established in July, 1988 under the National Housing Bank Act, 1987 (NHB Act) as a wholly owned subsidiary of the Reserve Bank of India (RBI) to function as an apex financial institution in the housing sector.

2.2 The Head Office of National Housing Bank is in Delhi and a RegionalOffice at Mumbai. Functions at the Head Office interalia include all policy matters, promotional and developmental activities, regulation and supervision of HFCs, Nodal Agency for implementation of Government Schemes, as well as refinance and project finance operations. Treasury functions are being carried out at Head Office etc.. The functions of NHB are governed under the National Housing Bank Act, 1987. Maintenance of Accounts and preparation of Annual Statement of Accounts are guided by the National Housing Bank General Regulations, 1988.

2.3 The finance functions at the Head Office include sanction and disbursement of refinance to Primary Lending Institutions, project finance to public agencies, joint ventures and public private partnerships and NGOs/MFIs, and sanction and payment of revenue (mainly administrative overheads) and capital expenses, besides staff loans. The Mumbai Regional Office acts as disbursement and settlement of loan accounts, and dealing with the financial transactions relating to raising of resources and debt servicing, investments, sanction and payment of revenue (mainly administrative overheads), and capital expenses.

2.4 The Bank uses SAP/ERP software for its business operations between HO-Delhi and RO-Mumbai.

3. Minimum Eligibility Criteria (As on June 11,2015):

Sl. No.	Requirement	Firm/Company
A.	No. of years of experience (Minimum), Work Order reference must be submitted along with the Incorporation Certificate and relevant Certificate issued by ICAI.	15 years
B.	No. of full time partners (Minimum) ;	5
C.	Offices Should be located in both Delhi and Mumbai. (Supporting documents should be enclosed).	
D.	Minimum Average annual turnover in FY 2011-12, 2012-13 & 2013-14.	Rs. 1 Crore
E.	Experience in the audit of Public Sector Banks/Private Sector Banks/financial institutions(Minimum)	10 years
F.	The bidder should not have been black-listed by any Public Sector Bank, RBI or IBA or any other Government agencies.	(Self declaration Certificate as per Annexure III)

Documents to be submitted in support of above facts:-

i) In respect of Serial No. D, Copy of the Balance Sheet and P&L Account specifying the turnover shall be enclosed along with self certificate from two partners of the firm/company.

ii) In respect of Serial No. E, list of banks/FIs audited in the following format **

Sl. No.	Name of the Banks/FIs	Nature of Audit	Period of audit	Asset size of Banks/FIs audited
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**Supporting document i.e work assignment/work completion orderetc. should be provided.

iii) Joint Venture / Association of CA firms/companies shall not be permitted.

Note: Proposals not complying with minimum eligibility criteria, as enumerated above, will be rejected and will not be considered for further evaluation .Bidders may also note that Proposals would be ranked according to their commercial evaluation. Financial bid with lowest value of commercial evaluation will be called for negotiation, if required. The work order will be issued to such successful final bidder accordingly.

Scope and Objective:

4.1 Scope and Objective of Risk based Internal Audit:

The scope and objective of Risk Based Internal Audit on a continuous basis will be as follows:

- A. The work involves carrying out internal audit of the Bank for Compliance with the regulatory requirements, as applicable, of Reserve Bank of India, Department of Financial Services and any regulatory authority etc., and policies & procedures laid down by NHB from time to time.
- B. Bank has introduced the Risk Based Internal Audit(RBIA) System w.e.f. 01.07.2014. The scope of audit shall be as described in NHB's "Risk Based Internal Audit System".The Bank has prepared Risk Registers based on the activities of all the departments. The risk register has been prepared based on the Risk Impact, Occurrence Probability, and Control Existence. The Risk Impact, Occurrence Probability, and Control Existence has been further categorized under three divisions viz. Low, Medium and High.
- C. Banks Section-wise activities to be covered under RBIA has been broadly defined in Annexure.1.
- D. Audit Firm also has to undertake the Internal Audit of Mumbai Regional Office on a regular basis covering the area of verification of cash and cash equivalent, payments, receipts, verification of properties, verification of investments etc.
- E. Internal Audit is to be carried out based on a detailed risk assessment to be conducted by the internal audit firm. Risk Based Internal Audit plan, Audit Universe and Risk Register are to be prepared annually by the internal audit firm in liaison with All Audit Department, NHB, for timely completion of internal audit and to be submitted for approval of General Manager (All Audit), NHB.
- F. Certificate will be submitted by the Internal Audit form on quarterly basis on the compliance of following parameters :
- a. Adherence to Delegation of Power executed by the Authorities in the Bank and reporting the exceptions.
 - b. Submission of periodic returns to RBI & Government.
 - c. Adherence to guidelines on KYC and AML norms.
 - d. Adherence to applicable laws etc.
- G. Others
- Execution of any function by acting as an agent of the Central Government, the State Government or the Reserve Bank or of any authority as may be authorised by the Government/Reserve Bank of India, as and when required. Further ,If need be, the selected bidder shall also update the existing documents like checklists/Manuals etc. without any additional cost to the Bank.
- H. New activities
- Any new activities (Activity not mentioned in the RFP) advised/suggested by the Government/Reserve Bank of India/Management will be included subject to the ceiling that the workload not exceeding 5% of the total man days required for Internal Audit for the financial year.

4.1.a Reporting by the Internal Auditors

- (i) Internal Audit Reports of the Head Office should be submitted on quarterly basis in two sections i.e. current and persisting along with a closure statement of earlier

quarter should be submitted by 30th day of the next month following the quarter. The reports are to be submitted to the Chairman & Managing Director. The section would further be divided into two parts, viz. substantive and others.

- (ii) Internal Audit Reports of the Mumbai Regional Office should be submitted on monthly basis in two sections i.e. current and persisting along with a closure statement of earlier month should be submitted by 10th day of the next month following the month. The reports are to be submitted to the Chairman & Managing Director. The section would further be divided into two parts, viz. substantive and others.
- (iii) Any exception observed during the course of audit should be reported immediately in form of flash report.
- (iv) Quarterly Certificates on i) Compliance with the guidelines on KYC and AML norms, ii) revenue/income leakages and iii) adherence to Delegated authority by various officials of the Bank.
- (v) It may be mentioned that the observations contained in the Internal Audit Reports receive due attention of the top management. Besides, as a part of the Investment Policy of the Bank duly approved by the Reserve Bank of India (RBI), the relevant extracts of such reports pertaining to treasury operations of the Bank are submitted to the RBI on a regular basis. A summary of the observations contained in the reports together with the comments of the management thereon is placed before the Audit Committee of the Board from time to time. Hence, it is expected that apart from timely submission of the reports, the irregularities observed during the scrutiny should be got rectified during the course of audit. It should be ensured that the position of compliance/rectification in respect of the previous report(s) is reflected in the subsequent report, after closing them from the previous report.

5. Scope and Objective of Concurrent Audit

5.1.1 The scope and objective of Concurrent audit on a continuous basis will be as follows-

- A. Examination of accounts (including resources & investments), expenditure audit, recoverable/payable, fixed assets, scrutiny of suspense and sundry accounts and other related records and verification of assets and liabilities so as to ensure that transactions are promptly and accurately recorded and reconciliation thereof. For the said purpose, transactions accounted for in the books may have to be scrutinized with reference to the initial documents and wherever necessary statistical comparison be made. The objective is to ensure that-
 - i. The policies and procedures laid down by the management including risk management and in the absence thereof, established policies and procedures are followed by both Head office and Mumbai office.
 - ii. The Statutory requirements viz., the provisions of the National Housing Bank Act, 1987, NHB (Amendment) Act, 2001, the Housing Finance Companies (NHB) Directions, 2010, the NHB General Regulations, 1988,

the provisions of other Statutes, RBI Directives and Guidelines etc., are complied with.

- iii. Financial propriety especially the Directions, guidelines, rules, regulations, circulars and orders having financial bearing issued by the competent authority of NHB from time to time are observed
 - iv. Accounts and the data flowing there from are reliable and accurate.
- B. Examination of the system of internal control including internal check being followed in the bank for both soundness in principle and effectiveness in operation and recommendation for improvement/additional safeguards that may be required for strengthening the same. The Audit system in place and reviewed from time to time by the Management, may act as a guide. One of the objectives will be to build preventive safeguards against frauds, misappropriations or other losses.
- C. Concurrent audit of treasury operations (including scrutiny of investment transactions & IRS Deals and their accounting such as income and loss booking) and compliance of RBI Guidelines etc. with focus on the systems for identifying, measuring, monitoring and controlling of various market risks such as VaR limits, interest rate sensitivity statements, liquidity risks, implementation of ALCO recommendations etc.
- D. Concurrent audit of accounts department shall include verification of vouchers (including adherence to delegation of powers and submission of requisite documents), deduction of TDS and further its payment to income tax authorities, collection and deposit of Service Tax on time, verification of computation of advance tax and FBT and its timely payment etc.
- E. **Revenue / Income Leakage** -Revenue leakage is influenced by many factors. The likelihood of revenue leakage is inter-alia caused by high transaction volume across multiple interfaces combined with massive amounts of customer and financial information requiring frequent updates. It may relate to both asset and liabilities item. The operational areas where revenue / income leakage may occur are required to be scrutinized and remedial measures to plug such leakages are required to be suggested.
- F. Audit Firm also has to undertake the system Audit of Treasury function at Head Office and Mumbai office locations.
- G. New activities - Any new activities (Activities not mentioned in the EOI/RFP) advised/suggested by the Government/Reserve Bank of India/Management will be included subject to the ceiling that the workload not exceeding 5% of the total man days required for Concurrent Audit for the financial year.
- H. If need be, the selected bidder shall also update the existing documents like checklists/ manuals/ system and procedure etc. with out any additional cost to the Bank.

5.1.2 Reporting:

- (i) Concurrent Audit Report of Treasury Operations and of Accounts Department on a monthly basis in two sections i.e. current and persisting along with a closure statement of earlier month should be submitted by 10th of the following month to the Chairman. The section would further be divided into two parts, viz. substantive and others.
- (ii) It may be mentioned that the observations contained in the Concurrent Audit Reports receive due attention of the top management. Besides, as a part of the Investment Policy of the Bank duly approved by the Reserve Bank of India (RBI), the relevant extracts of such reports pertaining to treasury operations of the Bank are submitted to the RBI on a regular basis. A summary of the observations contained in the reports together with the comments of the management thereon is placed before the Audit Committee of the Board from time to time. Hence, it is expected that apart from timely submission of the reports, the irregularities observed during the scrutiny should be got rectified during the course of audit. It should be ensured that the position of compliance/rectification in respect of the previous report(s) is reflected in the subsequent report, after closing them from the previous report.
- (iii) Any exception observed during the course of audit should be reported immediately in form of flash report.

6. General Terms and Conditions:

6.1 Changes to the audit plan required by new government regulations and requirements will be reviewed by NHB and will be granted additional budget as mutually agreed by General Manager (All Audit), NHB and Internal Audit Firm.

6.2 Acceptance of the Offer: Soon after the Bank approves the successful firm/company, it will send to the firm/company its offer incorporating all agreements between the parties. Within 7 days of receipt of the Offer, the successful firm/company shall sign and affix the date on duplicate copy of the Offer and return it to the Bank as an endorsement for acceptance.

6.3 Substitution of Project Team Members: During the assignment, the substitution of key staff identified for the assignment will not be allowed unless agreed to by the Bank

6.4 Professionalism: The audit firm/company should provide professional, objective and impartial advice at all times and hold the Bank's interests paramount and should observe the highest standard of ethics while executing the assignment.

6.5 Privacy of data/information: The audit firm/company will maintain privacy of data shared to it by the bank and keep the shared data/information confidential.

6.6 Inquiry: The Bank reserves the right to ascertain information from the clients to which the firm/company has rendered their services for execution of any projects.

6.7 Terms of Payment: The audit firm/company's fees shall be paid on a quarterly basis based on invoices raised by the audit firm/company after completion of the Audit and submission of the final report to the Bank & subject to meeting the deliverables detailed in the Contract.

6.8 Authorized Signatory:The selected firm/company shall indicate the names, contact details (address, email, telephone, mobile, fax) and designation of the authorized signatories who can discuss and correspond with the Bank, with regard to the obligations under the Offer.

6.9 Applicable Law and Jurisdiction of Court:The Contract with the selected firm/company 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 Delhi (with the exclusion of all other Courts).

6.10 Assignment:Neither the contract nor any rights granted under the contract may be sold, leased, assigned, or otherwise transferred, in whole or in part, by the audit firms/companies, and any such attempted sale, lease, assignment or otherwise transfer shall be void and of no effect without the advance written consent of the Bank.

6.11 Subcontracting:The audit firm/company shall not subcontract or permit anyone other than its personnel to perform any of the work, service or other performance required of the audit firm/company under the contract.

6.12 The Bank reserves the right to revise the evaluation criteria, methodology etc.; if it finds it necessary to do so.

6.13 At any time prior to the last Date and Time for submission of bids, the Bank may, for any reason, modify the Bidding Document by amendments at the sole discretion of the Bank. All amendments shall be uploaded on Bank's website. In order to provide, prospective bidders, reasonable time to take the amendment if any, into account in preparing their bid, the Bank may, at its discretion, extend the deadline for submission of bids.

6.14 Bids once submitted will be treated, as final and no further correspondence will be entertained on this. No bid will be modified after the due date of submission of bids.

6.15 The Bank reserves the right to accept or reject any bid and annul the bidding process and reject all bids at any time prior to award of contract, without thereby incurring any liability to the affected bidder or bidders or any obligation to inform the affected bidder or bidders of the ground for the Bank's action. Bank reserves the right to select more than one bidder keeping in view its large requirements.

6.16 The bidder shall bear all the costs associated with the preparation and submission of bid and Bank will in no case be responsible or liable for these costs regardless of the conduct or outcome of the bidding process.

6.17 The bidder is expected to examine all instructions, forms, terms and conditions and technical specifications in the Bidding Document. Submission of a bid not responsive to the Bidding Document in every respect will be at the bidder's risk and may result in the rejection of its bid without any further reference to the bidder.

6.18 The bidder will, by responding to Bank for RFP, be deemed to have accepted the terms of this Introduction and Disclaimer.

6.19 It may please be noted that one Audit Firm will not be awarded the work of undertaking both the Internal Audit and Concurrent Audit. In the event of selection of one common successful bidder for both the audits, the successful bidder will have the option to select/undertake the Audit services which firm would like to give to the Bank. In this case another audit services will be given to the next lowest bidder.

6.20 Bank may waive off any minor infirmity or nonconformity or irregularity in a bid, which does not constitute a material deviation, provided such a waiving, does not prejudice or effect the relative ranking of any bidder.

6.21 Termination : In case there is any delay in submission of a particular audit report i.e. beyond -15- days , the reasons for the same are to be informed to the General Manager (All Audit), NHB through the Internal Auditor posted at Head Office . If the delay is solely attributable to Internal Audit Firm, NHB will have the right to deduct 0.5% for every week or part thereof max 10 % of the total contract value for delay beyond the above mentioned period. Once the maximum deduction is reached the Bank may consider termination of the contract. However, for any reasons, if it is mutually agreed between the Bank and the bidder in writing, Bank may waive the above time-overrun charges. The Bank reserves the right to terminate the services, if the assignment is not proceeding in accordance with the terms of contract by issuing a notice of two months.

6.22 Erasures and alternations The offers containing erasures or alterations may not be considered. Any interlineations', erasures or overwriting may be considered at the discretion of the Bank only if they are initialed by the person signing the Bids. However any interlineations', erasures or overwriting in any form will not be accepted in the commercial bid . There should be no hand-written material, corrections or alterations in the offer. Technical details must be completely filled up. Correct technical information must be filled in. Filling up of the information using terms such as "OK", "accepted", "noted", "as given in RFP/brochure/manual" is not acceptable. NHB may treat offers not adhering to these guidelines as unacceptable. NHB may, at its discretion, waive any minor non-conformity or any minor irregularity in the offer. This shall be binding on all bidders and NHB reserves the right for such waivers.

6.23 Duration of Contract Bank will enter into a service level agreement with successful bidder for a period of 3 years from 01.07.2015. However, it may please be noted that initially the contract will be valid for the period 01.07.2015-30.06.2016 which will be reviewed on yearly basis and on satisfactory performance & solely on the discretion of the Bank the same may be renewed for the subsequent years. The selected bidder will have to sign **Service Level Agreement (SLA) and Non-Disclosure Agreement (NDA)** with the Bank.

6.24 Submission of Bids: The Audit Firms desirous to submit the quote for both the assignments are required to submit separate bid for each assignment. However, in the event of selection of the bidder for both the assignments, work would be awarded only where the bidder has quoted the higher of its two bids.

- a. The tender bid (technical and Financial/Commercial bid) for Internal Audit is to be sent in separate sealed cover envelopes only, failing which, the bid may be rejected. These two sealed envelopes are to be put in a third envelop superscribing "Quotation for undertaking Internal Audit of the Bank for the year 2015-16" and should be sent to following address by June 11, 2015 on or before 06:00 PM: The General Manager (All Audit), National Housing Bank 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi - 110003.
- b. The tender bid (technical and Financial/Commercial bid) for Concurrent Audit is to be sent in separate sealed cover envelopes only, failing which, the bid may be rejected. These two sealed envelopes are to be put in a third envelop superscribing "Quotation for undertaking concurrent Audit of the Bank for the year 2015-16" and should be sent to following address by June 11, 2015 on or before 06:00 PM: The General Manager (All

Audit), National Housing Bank 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi - 110003.

It may be noted that proposals for Internal and Concurrent Audit should be placed in separate envelopes.

6.25 Performance Bank Guarantee: The successful Bidder will be required to provide a 10% of the Annual Charges for the Concurrent/ Internal Audit as Performance Guarantee, in the form of Bank guarantee from a scheduled commercial Bank. The performance guarantee should be valid till at least six months period beyond the expiry of contract period i.e. three Years.

Further, Notwithstanding anything to the contrary contained in the contract, the Bank shall be at liberty to invoke the Performance Bank Guarantee in addition to other remedies available to it under the contract or otherwise if the selected Bidder fails to fulfill any of the terms of contract / order or commits breach of any terms and conditions of the contract. Format of the Guarantee will be provided to the successful bidders. On faithful execution of contract in all respects, the Performance Bank Guarantee of the Bidder shall be released by the Bank.

7. Other Terms and Conditions

7.1 Disclaimer : This EOI has been prepared solely to enable the Bank for undertaking internal audit in order to strengthening internal controls in the Bank. The EOI document is not a recommendation, offer or invitation to enter into a contract, agreement or other arrangement in respect of the services.

7.2 Costs Borne by Respondents : All costs and expenses incurred by the firm/company in any way associated with the development, preparation, and submission of responses, including but not limited to attendance at meetings, discussions, demonstrations, etc. and providing any additional information required by the Bank, will be borne entirely and exclusively by the firm/company.

7.3 No Legal Relationship : No binding legal relationship will exist between any of the firm/company and the Bank until execution of a contractual agreement.

7.4 Evaluation of Offers : Each firm/company acknowledges and accepts that the Bank may, in its absolute discretion, apply whatever additional criteria it deems appropriate in the selection of firm/company, not limited to those selection criteria set out in this EOI document.

7.5 Disqualification : Any form of canvassing/lobbying/influence etc by the firm/company will result in disqualification of such firm/company.

7.6 Restriction on Consortium : The EOI should be made by an individual firm/company. Consortium shall not be allowed.

7.7 The Bank reserves the right to accept or reject or short list prospective firms/companies based on the evaluation done by it and no further reference shall be entertained on this matter. Based on the responses to this EOI, firms/companies would be short-listed and, if required, would be invited to make presentations on their proposal.

In case the bidders need any clarification/explanation they may contact the following officer of the Bank during office hours (Monday to Friday - 10.00 AM to 6.00PM):

Name : Ranjan Kumar Barun , Assistant General Manager

Email : ranjankb@nhb.org.in

Telephone : +91 - 11 - 24648647

Fax : +91 - 11 - 24649432

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All Audit Activities

Annexure.1

- AA01 Monitoring, follow-up, and closure of compliances on the observations of RBI, ACB, Internal Auditors and Concurrent Auditors
- AA02 Review and Appointment of Internal and Concurrent Auditors and monitoring their performance
- AA03 Monitoring and adherence of compliance schedule specified in the 'Policy for actions to be taken on the Financial Inspection Report of NHB by RBI'
- AA04 Preparation and placing the Risk Based Internal Audit Plan before Audit Committee for its approval and placing the compliances thereafter for review
- AA05 Preparation of Statement of Intent and sending it to the Government, after obtaining approval of Board

Account Activities

- AC01 Effective coordination on Government Audit, Income/Service Tax Assessment Orders, other Statutory Levies, Penalties, etc.
- AC02 Computation of TDS on provisions, Wrong application and deduction of IT, ST, VAT, WCT, levy, etc., Wrong certification of taxes& levies
- AC03 Timely posting of Payment Documents, Housekeeping, Delay/Mismatch in reconciliation, balancing and finalizing the accounts
- AC04 Non/Delay-in/Error-in payment/settlement of bills/invoices, etc.
- AC05 Failed to capture and apply the changes in government and other rules and regulations in internal processes
- AC06 Delay/Error in reporting information/ data to Mgt., Regulatory, Statutory Authorities, etc.
- AC07 Performance of Treasury (Back Office) functions and effectiveness of its trigger escalation
- AC08 Smooth conducting of audit activities, coordination in appointment of Statutory Auditors, Preparation and finalization of Annual Accounts of the Bank
- AC09 Linking with Mumbai Regional Office on settlement transactions, financial transactions with RBI, banks to avoid any risks
- AC10 Submission of returns/data to RBI, Govt./Tax Authorities (Statutory or otherwise), MIS system in place

Business Planning Activities

- BP01 Timely furnishing of replies to Parliament Questions, Coordination with Parliament Committees/ Matters
- BP02 Preparation of Long-term Planning of Business Strategy of the Bank for approval of the Board and its review
- BP03 Preparation of Annual Budget of the Bank for approval of the Board and its review; Submission of MIS on Bank's performance to the Mgt., Board, etc.
- BP04 Implementation of Business Continuity Plan, and preparedness for tackling catastrophes like fire, etc.
- BP05 Timely preparation and publication of Bank's Annual Report, Report on Trend & Progress of Housing in India, etc. and submission/ circulation to Authorities
- BP06 Management and Review of Golden Jubilee Rural Housing Finance Scheme, RMBS, RML, etc.
- BP07 Organizing of HFCs' CEOs Meeting, Bank's Training Programmes for HFCs, RRBs, etc., World Habitat Day, APHUF, Conferences, Seminars, etc.

Corporate Communication Activities

- CC01 Market reputation, Credibility with customers, Negative publicity to brand name arising out of legal cases/ false accusations, etc.
- CC02 Targeted Bank's publication and advertisement and maintenance of press relationship
- CC03 Management of Bank's Logo, Website, Copy Rights, etc.

Grievance Redressal Activities

- GR01 Failure in Coordination with NHB's Departments and HFCs for timely registration and disposal of complaints and appeals
- GR02 Management of complaints and placing the performance review to the Board and Mgt.

HR & Administration Activities

- HA01 Adequacy of Organization Structure, Manpower Planning, Staffing with requisite skills, and Maintenance of Roster for Reservations
- HA02 Absence of identified backup staff to take care of contingency or eventuality or disruption in services
- HA03 Implementation of succession planning, job-rotation, training programmes, etc.
- HA04 Implementation & Compliance with Official Language Act and Policy
- HA05 Failed to capture and apply the changes in government and other rules and regulations
- HA06 Review and effectiveness of Staff Regulations and Schemes for maintenance of harmonious relationship
- HA07 Safety and security, Up-keeping and maintenance of Office Premises and Officers' Quarters
- HA08 Implementation of Government Directives, Bipartite Settlements, Adequacy of Performance Management System to retain officers
- HA09 Quality of outsourced services and the ability to take over the control internally, if required
- HA10 Timely Reimbursement to Staff, Deduction and payment of PF, Pension, Tax, etc. and other dues on behalf of regular and engaged/contract staff, and Vendors' Payment

Information Technology Activities

- IT01 Disruption in business operations due to unavailability of System/ Website/ Portal/ Server and vulnerability for hacking/cyber attacks
- IT02 Loss of data due to theft, mismanagement, outdated backup, virus attack, portability of data/information from the existing platform to new platform, etc.
- IT03 Application development failure or Delay in implementation or Unable to apply patch or manage changes effectively
- IT04 Dependability, scalability, upgradability and extent of Vendors' support for ERP System and other software installed and their interface/integration
- IT05 Application of Standards prescribed by Authorities and Robustness of Information Security set-up, auditing and compliances
- IT06 Unauthorized access/modifications carried out in IT Infrastructure / Software / Configuration without testing, and Violation of software license or Use of unauthorized software
- IT07 Use of obsolete hardware and software or Failure/Unable to upgrade the existing hardware and software and Insurance coverage and claim
- IT08 Compliances with IT Framework and Policies and Management of Bank's website, portal, etc.
- IT09 Regular management of Disaster Recovery Site (DRS) and stand by available if DRS is unable to activated
- IT10 System documentation and reliance on outsourced services, and the ability to take over the control independently, if required

Legal Activities

- LE01 Monitoring and reviewing the enactment of new laws, amendments, etc. for updating and implementation
- LE02 Exposure due to difference in interpretation and Failure of recovery procedures or Legal claim/ suit not initiated or delayed
- LE03 Taking up the issues involving non-compliance with Statutes/ Court Orders; Void / Voidable legal transactions based on references received
- LE04 Amendments to the National Housing Bank Act, 1987, Regulations, Directions, Agreements, etc.
- LE05 Effectiveness in providing advise on Bank's operations, based on references received, and Maintaining the quality of outsourced services

Market Research Activities

- MR01 Receipt and disbursement of subsidies under targeted Govt. Schemes, Maintenance and reconciliation of accounts, etc.
- MR02 Housing data collection, Coordination with Governments, RBI and banks on housing and housing finance, and ensuring SLBC participation
- MR03 Maintaining and up-keeping of NHB RESIDEX, HIP Portal, etc.
- MR04 Coordination and liaison with Government, RBI and others on policies, plans, schemes and Budget to avoid any strategies and reputational risks
- MR05 Timely installation and completion of targeted Studies, Surveys, R&D and Consultancy Work, and placing their performance review to the Mgt.

Project Finance Activities

- PF01 Changes in the Policies of Government/ Reserve Bank of India impacting the business, compliances, and reporting
- PF02 Heavy reliance on a small number of clients or to a particular market or business segment, and inability to continue operations
- PF03 Sub-optimal appraisal system, Pre/Post Disbursement Inspection, Monitoring, Disposal of Applications, Receipt of Returns, MIS, Compliances, Exception Reporting, Effectiveness in prevention of Fraud
- PF04 Failure to receive adequate security coverage or Erosion in value of securities and non-replenishment of fresh securities for adequate coverage or Not refunding the Adverse Balance
- PF05 Delay or error in submission of information/ data to regulatory/ statutory authorities under applicable laws
- PF06 Existence of adequate checks and balances, with clear limits on the Authority i.e. Sanction or Disbursement does not exceed the limit and without fulfillment of specified terms, etc.
- PF07 Incomplete / Inadequate document execution and management system i.e. Incomplete or Inadequate or Mishandling of documents
- PF08 Fees or charges not levied/ collected or Incorrect/ Unauthorized settlement with the customer or High expenditure incurred in collection and recovery
- PF09 Classification, Monitoring and Reporting of Assets
- PF10 Pressure on pricing due to Internal Rating Model or Failure to introduce new products or market pressures/ exerted by key customers

Risk Management Activities

RK01	Framework for categorization and quantification of risks and its monitoring and implementation
RK02	Efficacy of reviewing Exposure Limits, Internal Credit Rating of Borrowers, Tracking of Rating Migration, and Risk Limit Analysis
RK03	Implementation and monitoring of Operational Risk Mechanism
RK04	Existence of mechanism for measuring, monitoring and managing Liquidity Risk
RK05	Regular capturing, measuring and reporting system for different risks specified in the policies to the Mgt. and putting in place the required safeguards
RK06	Loan Review Mechanism, Preventing Monitoring Mechanism and their escalation
RK07	Regular review by ALCO on Market Environment, Policy Impacts, FMIC decisions, ALM, Pricing, New Products, PLR, and RBI/Policy compliances
RK08	Adherence to required Committee Meetings, placing required agenda and compliance with decisions
RK09	Performance of Mid Office functions (Treasury)

Resource Mobilization Activities

- RM01 Impact on operations dues to changes in Government/ RBI/ Internal policies, guidelines, etc.
- RM02 Cost of funding risk issues, because of interest rate and exchange rate fluctuations
- RM03 Non-/Delay-in payment of principal/ interest on deposits, borrowings, debt securities, statutory dues, etc.
- RM04 Financial Loss - Investments-Settlement/ Payment Transactions Interest, Commission, Repayment, etc.
- RM05 Frauds and other Misrepresentations
- RM06 KYC Implementation and Reporting on Retail Deposits and Bonds.
- RM07 Delay or error in submission of information/ data to regulatory/ statutory authorities under applicable laws
- RM08 MIS, Compliances, Exception Reporting
- RM09 Failure to comply with Statues, RBI Directions, etc., and delay in submission of RBI returns on time
- RM10 Investment Risk - Listed/ Unlisted equity shares, mutual funds, Strategic equity portfolio and associated risks with such investments

Refinance Operations Activities

- RO01 Changes in the Policies of Government/ Reserve Bank of India impacting the business, compliances, and reporting
- RO02 Pressure on pricing due to Internal Rating Model or Failure to introduce new products or market pressures/ exerted by key customers
- RO03 Incomplete / Inadequate document execution and management system i.e. Incomplete or Inadequate or Mishandling of documents
- RO04 Classification, Monitoring and Reporting of Assets
- RO05 Heavy reliance on a small number of clients or to a particular market or business segment, and inability to continue operations
- RO06 Sub-optimal appraisal system, Pre/Post Disbursement Inspection, Monitoring, Disposal of Applications, Receipt of Returns, MIS, Compliances, Exception Reporting, Effectiveness in prevention of Fraud
- RO07 Failure to receive adequate security coverage or Erosion in value of securities and non-replenishment of fresh securities for adequate coverage or Not refunding the Adverse Balance
- RO08 Delay or error in submission of information/ data to regulatory/ statutory authorities under applicable laws
- RO09 Fees or charges not levied/ collected or Incorrect/ Unauthorized settlement with the customer or High expenditure incurred in collection and recovery
- RO10 Existence of adequate checks and balances, with clear limits on the Authority i.e. Sanction or Disbursement does not exceed the limit and without fulfillment of specified terms, etc.

Regulation & Supervision Activities

- RS01 Not framing/updating/implementing the Directions, Guidelines, Policies, Codes, etc.
- RS02 Non / Delay-in receipt of Off-site Surveillance Returns, INS Forms, etc.
- RS03 Reporting wrong or erred data
- RS04 Changes in the external environment due to Government/Reserve Bank of India Policies
- RS05 Amendments to the National Housing Bank Act, 1987
- RS06 Non-processing of data by Data Management Centre and Returns
- RS07 Non-scheduling On-site Inspection
- RS08 Not processing, Non-monitoring and Non-closure of Inspection Report
- RS09 Non-receipt of On-site Inspection Reports
- RS10 Non-processing or Disposal of applications for Certificate of Registration

Letter of Competence Format

[To be submitted along with Technical Bid]

[To be executed on a non judicial stamp paper]

Letter of Competence for Quoting against **NHB's EOI Ref No. /Dated May , 2015**

This is to certify that we **[Insert name of Bidder]**, Address.....are fully competent to undertake and successfully deliver the scope of services mentioned in the above EOI. This recommendation is being made after fully understanding the objectives of the project and requirements like experience etc.

We certify that the quality and number of resources to be deployed by us for implementation will be adequate to provide the services professionally and competently.

We also certify that all the information given by in response to this RFP is true and correct.

Authorized Signatories

(Name & Designation, seal of the company)

Date:

Declaration Regarding Clean Track Record (To be submitted along with the Technical Bid)
(To be submitted on Prime Bidder's company letter head)

Date:

General Manager (All Audits Department)

National Housing Bank,

4th Floor, Core 5 A,

India Habitat Center , Lodhi Road,

New Delhi . 110 003

Dear Sir,

Declaration Regarding Clean Track Record

Ref No : dated

Dear Sir,

I have carefully gone through the Terms & Conditions contained in the EOI Ref No. dated regarding selection of the vendor for Internal/Concurrent Auditors for a period of five years. We hereby declare that our company has not been debarred/ black listed by any Government / Semi Government organizations in India. I further certify that I am competent officer in my company to make this declaration that our bid is binding on us and that you are not bound to accept a bid you receive.

Thanking you,

Yours sincerely,

Date

Signature of Authorised Signatory ...

Place

Name of the Authorised Signatory ...

Designation ...

Name of the Organisation ...

Seal ...

Financial/Commercial Bid Format
(To be submitted in Commercial Bid Envelope Only)

The structure of the Bidder's commercial response to this tender must be as per following order.

Part I

- **Cost of Internal/Concurrent (Strike out whichever is not applicable) Audit for NHB**
Bidders are requested to note the following:
 - All the details must be provided as per format. Incomplete formats will result in rejection of the proposal.
 - All the pages of commercial bids must be sealed and signed by authorized signatory.
 - All the quoted costs must include all applicable taxes, charges and other levies.
 - All the rates must be quoted in INR.
 - The prices in any form or by any reasons should not be disclosed in the technical or other parts of the bid except in the commercial bid. Failure to do so will make the bid liable to be rejected.
 - The commercials quoted in the commercial bid are valid for six months from the last date of submission of bid.

Part II**Commercial Bid :**

Sl No	Item Description	Total Cost(In INR)
1	Annual Charges for Internal/Concurrent (Strike out whichever is not applicable) Audit of NHB (Which will be considered for commercial evaluation).	In Figure
		In words

Authorized Signatories

(Name & Designation, seal of the Firm/Company)

Date:

Note -Bidders may please note that Proposals would be ranked according to their commercial evaluation. Financial bid with lowest value of commercial evaluation will be called for negotiation, if required. The work order will be issued to such successful final bidder accordingly.