



FINCA[®]

**FINCA MICROFINANCE BANK LTD,
PAKISTAN**



**Audit Software
Request for Proposal
(RFP)**

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1 Introduction

FINCA Microfinance Bank hereinafter referred to as ‘FMBL’ is one of the leading Microfinance banks in Pakistan with a network of 130 branches spread across the country. The Bank is a part of FINCA Impact Finance operating in 20 countries across the globe offering microfinance services.

In compliance of SBP’s Internal Audit Guidelines, BPRD Circular no 2 of 2019 (Dated April, 3, 2019), FMBL is seeking an audit software that is flexible and agile yet robust to fulfill the current and future needs of the department.

2 Project Overview

FMBL is exploring a software that would meet the requirements of its Internal Audit function. The system should be capable of supporting all types of audit i.e. Branch audit, IT audit, management audit & Fraud Investigations etc. The system should be capable of:

- Handling complete audit process/lifecycle
- Data collection
- Risk assessment
- Audit planning
- Audit execution
- Audit reporting and follow-up

FMBL is looking for solutions from reputable software development companies/vendors, who have prior implementations in reputable bank(s), preferably microfinance banks in Pakistan.

3 Detailed Scope of Work

Internal Audit Department of the Bank has four divisions; Branch Audits, Functional Audits, IS Audits & Anti-Fraud Management Unit. Based on the contents of the RFP, the Bidder shall provide a solution which covers the following aspects:

High Level Features

- Web-Based Platform
- Fully Configurable and Flexible
- Compliance with IIA Standards and Process Compliant
- Role Based User Access

Scope of Core Functionality

1. Audit Universe & Programs
2. Risk Assessment & ERM
3. Annual Audit Planning
4. Engagement Planning

5. Audit Execution
6. Audit Report
7. Follow Up & Tracking
8. Preparation of Audit Pack

1. Audit Universe & Programs

Audit Universe is the collection of all auditable entities. Audit Universe serves as a starting point for the entire audit process. Configurable hierarchy to different audit units, including the Audit Type. Initial Audit Universe can be uploaded via Excel template, and can be updated subsequently through the system.

- Configurable interface for defining divisions/work assignments & Auditable entities.
- Option to map divisions with work assignments & auditable entities.

2. Risk Assessment & Enterprise Risk Management

The solution must allow the user the flexibility of defining a risk universe, assign risk weightages to functions, departments, units and task level (where necessary). The criteria driving this risk factors must be user configurable. The risk registers must be sufficiently detailed to incorporate all necessary fields such as the impact, likelihood, category, residual risk etc.

3. Annual Audit Planning

The Audit Plan is a list of scheduled audits, prepared every year based on the results of the Risk Assessment. System should have the capability to automatically prepare Draft Annual Audit Plans for each type of audit, on the basis of configurable parameters and benchmarks. Draft Annual Plan can be prepared using a Risk Based approach based on the Risk Assessment performed, or on a Frequency or Periodic approach, and can be configured to allow for various levels of coverage. System can also calculate and prepare Expense Budgets for the year, including Auditor time and expenses costs, as well as travel, remote stay and daily allowance costs based on travel distance. The system must also be capable of incorporating the man-hours available and mapping them to the audit plan. This may only be possible where a sub-module exists in the system capable of storing and managing the HR aspect of the audit.

4. Engagement Planning

Based on the Annual Planning, engagement plans are automatically created for each Audit-Area, to be completed by the audit team. As part of Engagement Planning, tentative timelines for the engagement activities are set and responsibilities are assigned to the audit team members. Additionally, in order to define the engagement's scope, Processes, Risks and Controls are selected, based on which the Audit Program and its Working Papers are prepared.

A complete end to end record of all frauds reported and investigated must be available. Each fraud reported must be assigned a unique sequence number, along with all other necessary details, such as fraud type, potential fraud loss etc. for monitoring and tracking of fraud cases

5. Audit Execution

After Engagement Planning has been completed, Audit Execution of the engagement can be initiated against the approved audit program. During execution of the audit, the engagement team:

- Completes Audit Program tasks, tests or activities assigned to them.
- Records exceptions/findings, enters details of instances as annexures, and uploads evidence.
- Club findings as observations, provide recommendations and incorporate Auditee responses.
- Option to upload Audit findings overall.
- Submits their work for review and approval.
- Option to close Audit based on multiple factors e.g. scope limitation & upload Audit evidence
- Tracking of Information requisition list.

Anti-Fraud Investigation Unit

Fraud Investigations	<ul style="list-style-type: none"> • Field visits tracking. • Loan client wise detail information. • Investigation findings alongwith related evidences/statements.
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6. Audit Report

A Draft Report can be generated and released to the Auditee after the Audit Execution phase is completed for the engagement. Auditees can respond to each Observation/Recommendation via a Word Template, or can be given access to an Auditee Portal, where they can record their responses, timelines and action plans. Once feedback is received from the client, it is incorporated and the Final Report can be released and circulated by the system, and an Audit Rating assigned to the entity.

AFMU Reporting

- Preparation of Investigation Report.
- Investigation Report Submission to DAC.
- Final Status / Reporting to Senior Management.
- Disciplinary Action taken by Management.
- Tracking of Investigation Report.

7. Follow up and Tracking

Once the Final Report is released, audit team can monitor and track the follow-ups of unresolved audit observations. Audit teams and auditee are informed of the progress of outstanding observations through periodic and escalating email alerts. Once the outstanding observation is resolved, the audit team can plan follow-up engagements for verification. System should be integrated with Issue tracking software of the Bank.

Anti-Fraud Management Unit

- Follow up of Investigation reports.
- Tracking of staff resign dates.
- Tracking of staff for final settlements.

4 Additional Modules

In addition to the standard modules used in the Internal Audit process, System should have a number of secondary modules which will be implemented and utilized by the Internal Audit Functions as required.

1. Reporting and Dashboards
2. System Administration
3. Auditor Timesheets
4. Integration with Client Systems

4.1 Reporting and Dashboards

Built-in dashboards and reporting for all levels of the Internal Audit department as well as the organization as a whole. These dashboards and Reports should provide details relating to:

- Regulatory Review
- Management Review
- Board Review

Customization of existing reports and the development of new reports and dashboards should be provided. Additionally, training to be provided to users for data dashboard requirements.

4.2 System Administration

The System Administration module should allow users to be able to change parts of the configuration of system, and include a number of different functionalities.

4.3 Auditor Timesheets

Auditors should enter details on each line of their timesheets, including:

- The engagement worked on
- Task performed
- Hours spent each day of the week
- Additional optional comments for each day

4.4 Integration with Bank Systems

System should have a built-in module for configuring external Data Sources and Data Sets. This module can be integrated with any external systems or databases in order to import data into system for the purposes of:

- Quantitative Risk Assessments

- Populations and Sampling
- Instance Recording
- Data Analytics
- Reporting

5 Instructions for Intent to Respond and Submitting Proposals

Bidder need to designate the name of the person within its organization who will serve as the main contact for this process, along with his/her title, address, phone number and e-mail address. The bidder agrees to destroy any and all information in this document if he/she choose to decline participation our RFP process.

Vendor must submit an electronic copy of technical and commercial proposals as response, so that they are received by FINCA by end of business day on the RFP submission date mentioned in Appendix – B. Any response received after this date will not be considered.

All costs incurred in the preparation, submission and / or presentation of any proposal responding to this Request for Proposal package, including, but not limited to prospective proposer’s travel and personal expenses shall be the sole responsibility of the proposer and shall not be reimbursed by FINCA. FINCA shall not pay for any costs incurred for proposal preparation as a result of termination of this Request for Proposal or termination of the contract resulting from this proposal.

6 Eligibility Criteria

The qualification criteria for eligibility of the Bidder to participate in the selection process shall be as follows.

1. The Bidder should have been in operations for a period of at least 8-10 Years as on the date of RFP.
2. The Certificate of Incorporation and Certificate of Commencement of Business issued by the concerned authorities is to be submitted.
3. The Bidder shall be the owner/certified or authorized agent/reseller/partner of the Application being offered.
4. The Bidder has not been blacklisted\penalized by any Government/Government Agency/Banks/Financial Institutions in Pakistan in the past.

The proposals received from the Bidders who do not fulfill all or any of the above eligibility criteria are liable to be rejected outright.

7 Submission of BIDs

The Bidder should ensure that their proposals clearly set out all information as specified in the RFP. The proposals should be organized, structured and neat. Brochures/leaflets, etc. should not be submitted in loose form. No modification/addition/deletion should be made in the formats/letter stipulated. The FMBL may, at its discretion, waive any minor non-conformity or any minor irregularity in the offer. The waiver shall be binding on all the Bidders.

All pages of the document should be numbered and all sections should be labeled for easy reference. Bidders may provide additional technical literature relating to their proposals as separate annexure. Please submit the information as prescribed on the enclosed spreadsheet “RFP Response Template”.

8 Terms and Conditions

Terms and conditions for bidders are given below:

8.1 Liabilities of FMBL

This RFP is not an offer by FMBL but an invitation for Bidder responses. No contractual obligation on behalf of FMBL whatsoever shall arise from the RFP process unless and until a formal contract is signed and executed by duly authorized officials of FMBL and the Bidder(s).

8.2 Proposal Process Management

FMBL reserves the right to accept or reject any or all proposals, to revise the RFP, to request one or more re-submissions or clarifications from one or more Bidders, or to cancel the process in part or whole. No Bidder is obligated to respond to or to continue to respond to the RFP. Additionally, FMBL reserves the right to alter the requirements, in part or whole, during the RFP process, and without re-issuing the RFP. Each party shall be entirely responsible for its own costs and expenses that are incurred while participating in the RFP and subsequent presentations, benchmark/stress tests and contract negotiation processes.

8.3 Date of Bid Expiration

Proposals must be valid for a minimum of 90 days from the proposal date. Responses must clearly state the validity of the bid and its explicit expiration date.

8.4 RFP Ownership

The RFP and all supporting documentation/templates are the sole property of FMBL and should not be redistributed, either in full or in part thereof, without the prior written consent of FMBL. Violation of this would be a breach of trust and may, inter-alia cause the Bidder to be irrevocably disqualified. The aforementioned material must be returned to FMBL when submitting the Bidder proposal, or upon request. In case the Bidder is not interested in responding to the RFP.

8.5 Proposal Ownership

The proposal and all supporting documentation submitted by the Bidder shall become the property of FMBL unless the Bidder specifically requests, in writing, that the proposal and documentation be returned or destroyed.

8.6 Bid Pricing Information

By submitting a signed bid, the Bidder certifies that:

The Bidder has arrived at the prices in its bid without agreement with any other bidder of this RFP for the purpose of restricting competition. The prices in the bid have not been disclosed and will not be disclosed to any other bidder of this RFP. No attempt by the Bidder to induce any other bidder to submit or not to submit a bid for restricting competition has occurred.

8.7 Bidder Status

Each Bidder must indicate whether or not they have any actual or potential conflict of interest related to contracting services with FMBL.

8.8 Confidentiality

This document contains information confidential and proprietary to FMBL. Additionally, the Bidder will be exposed by virtue of the contracted activities to internal business information of FMBL, affiliates, and/or business partners. Disclosure of receipt of any part of the aforementioned information to parties not directly involved in providing the services requested could result in the disqualification of the Bidder, pre-mature termination of the contract, or legal action against the Bidder for breach of trust.

No news release, public announcement, or any other reference to this RFP or any program there under shall be made without written consent from FMBL. Reproduction of this RFP, without prior written consent of FMBL, by photographic, electronic, or other means is strictly prohibited.

8.9 Intellectual Property Rights

FMBL expects to own all intellectual property rights of the methods and design of the solution specifically formed for implementation at FMBL.

8.10 Disclaimer

The Bank and/or its officers, employees disown all liabilities or claims arising out of any loss or damage, whether foreseeable or not, suffered by any person acting on or refraining from acting because of any information including statements, information, forecasts, estimates or projections contained in this document or conduct ancillary to it whether or not the loss or damage arises in connection with any omission, negligence, default, lack of care or misrepresentation on the part of Bank and/or any of its officers, employees.

8.11 FMBL Reserves the right to:

- Reject any or all proposals received in response to the RFP without assigning any reasons thereof
- Waive or modify any formalities, irregularities, or inconsistencies in proposal format delivery
- Accept/reject any counter proposal or addendum submitted by the Bidder
- Extend time for submission of all proposals
- Share the information/clarifications provided in response to RFP by any Bidder, to any other Bidder/others

If the Bank in its absolute discretion deems that the originator of the clarification will gain any advantage by a response to a question, then Bank reserves the right to communicate such query and response to all respondents of the RFP.

Bank reserves the absolute right to reject the offer if it is not in accordance with its requirements and no further correspondence, whatsoever, will be entertained by the Bank in the matter.

Until execution of a contractual agreement, no binding legal relationship will exist between any of the Respondents of this RFP and the Bank.

8.12 Service Level Agreement

FMBL will enter into a Service Level Agreement with the selected Vendor to provide the Application and Support Services. The agreement would cover requirement pertaining to performance and availability of the solution. The agreement would also capture the responsibilities and obligations of the selected Vendor and FMBL.

• Appendix A – Non-Disclosure Agreement

This Agreement is made this <date> by and between <company name>, with its principal place of business at

<Registered address> and FINCA Microfinance Bank Limited Head Office 387, E Block Johar Town Lahore. (Hereinafter referred to as "BANK"), and the parties hereto agree hereby as follows:

1. To further the potential business relationship between themselves, each party may find it necessary and desirable to disclose to the other party certain confidential information both oral and written pertaining to its technology, discoveries, ideas, concepts, know-how, designs, specifications, marketing plans, and other technical, financial, business plans and strategies. Specifically the parties may be disclosing certain highly valuable, confidential and proprietary information including information relating to its vendors and relationships and information associated with its technology, plans and strategies (all such information is collectively referred to hereinafter as the "Confidential Information").
2. Neither party shall directly or indirectly reveal, publish, disclose, transfer or communicate any of the Confidential Information to any third party. Neither party shall use such Confidential Information for any purpose other than the limited purposes described in this Agreement.
3. Each party shall take all reasonable security precautions, at least as great as the precautions it takes to protect its own Confidential Information, to keep confidential the Confidential Information. Neither party shall use the Confidential Information nor circulate it within its own organization except as on a need -to-know basis and to the extent necessary for discussions and consultations with personnel or authorized representatives of the other party regarding the Confidential Information.
4. Upon demand each party shall return to the other any originals, duplicates, copies, reproductions and summaries of Confidential Information received from the other.
5. All Confidential Information is and shall remain the property of the disclosing party. By disclosing such information each party does not grant to the other any express or implied right to or under any of its patents, copyrights, trademarks or trade secret information.
6. Neither party shall have an obligation to preserve the confidential or proprietary nature of any information which:
 - a. was already known to the receiving party free of any obligation to keep it confidential at the time of its disclosure by the disclosing party as evidenced by its written records prepared prior to such disclosure; or
 - b. is, or becomes, publicly known through no wrongful act of the receiving party to which the information was disclosed; or
 - c. is rightfully received from a third person or company having no direct or indirect secrecy or confidential obligation with respect to such information; or
 - d. is disclosed to a third person by the disclosing party without similar confidentiality restrictions on such third person's rights; or
 - e. is approved for release by written authorization of the disclosing party.

7. Subject to the limitation set forth in this Agreement, this Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.
8. All obligations created by this Agreement shall survive change or termination of the parties' business relationship.
9. Both parties may appoint an Arbitrator by mutual consent to resolve disputes prior to resorting to court of law.
10. The receiving party shall defend, hold harmless and indemnify the disclosing party for any liability, loss, claims, or damage of any kind, including reasonable attorney's fees, incurred by the disclosing party as a result of any disclosure or use of any Confidential Information in violation of the provisions of this Agreement.
11. This Agreement shall be governed by the laws of Pakistan and contains the full and complete understanding of the parties with the respect to the subject matter hereof and supersedes all prior representations and understandings, whether oral or written.

<p>IN WITNESS WHEREOF, the parties have executed this Non-Disclosure Agreement as of the date first above written. Company:</p> <p>BANK – FINCA Microfinance Bank Limited</p>	<p>Company</p>
<p>By: _____</p>	<p>By: _____</p>
<p>Name: _____</p>	<p>Name: _____</p>
<p>Title: _____</p>	<p>Title: _____</p>
<p>Date: _____</p>	<p>Date: _____</p>

- **Appendix B – Vendor Acceptance**

Acceptance Letter to be given by the Vendor

Date: _____

Offer Reference No.: _____

To:

_____**Acceptance of the Terms and Conditions and Confirmation of the Offer.**

Dear Sir\Madam,

The details submitted in the format above are true and correct to the best of our knowledge and if it is proved otherwise at any stage of execution of the contract; FMBL has the right to reject the proposal and disqualify us from the process.

We hereby acknowledge and confirm having accepted that FMBL can at its absolute discretion apply whatever criteria it deems appropriate, not just limiting to those criteria set out in the RFP in short listing of vendors for providing software solution.

We also acknowledge the information that this response of our Company for the Bank's RFP process is valid for a period of 90 Days for the short-listing purpose from the date of expiry of the last date for submission for response to RFP documents.

We also confirm that we have noted the contents of the RFP including various documents forming part of it and have ensured that there is no deviation in filing our offer in response to the tender. The Bank will have the option to disqualify us in case of any such deviations.

Until a formal contract is prepared and executed; this offer together with the Bank's written acceptance thereof and the Bank's notification of award, shall constitute a binding contract between us.

We understand that the Bank is neither bound to accept the lowest or any offer the Bank may receive, nor to give any reasons for rejection.

Dated this _____ day of _____ 2016

Signature: _____