

Response to Pre-Bid queries with reference to RFP - "Bank of Baroda, IFSC Banking Unit, Invites Requests for Proposal (RFP) from Consulting Firms for implementing IFRS in the IFSC Branch"

RFP Reference Date : 08.08.2022

Sr. No.	Page No. in RFP	Clause No. in RFP	Description as per RFP	Clarification sought/Suggestions given by Bidder	Clarification from Bank
1	2	-	Eligibility of the Firms: The firm should be a company registered under Companies Act 1956 and Companies Act 2013 since the last three years as on RFP submission date.	Please amend this clause to allow firms who are registered under the LLP Act to participate in the RFP.	Please read the eligibility clause as under after modification: "The firm should be a company registered under Companies Act 1956 and Companies Act 2013 OR under LLP Act OR under any authorized body since the last three years as on RFP submission date." An addendum to this effect is available with RFP on website.
2			General	The RFP requires quotations to be in two parts: a) Technical Bid – containing the details of firm's experience and other documents and b) Financial Bid – which will include only fees related to the implementation work. However, the RFP does not provide basis on which the firm participating in RFP will be selected as there is no scoring table provided in the RFP. We request the Bank to allocate a 80:20 ratio between Technical & Commercial Bid as practiced across PSU Banks in India.	Technical Bid : Firm has to submit documents in line with the requirement stated in eligibility clause. Financial Bid : Firm should mention only fee related components with sufficient breakup / clarity on fee to be charged. The Bank will assess the eligibility on the basis of documents submitted (as per eligibility clause). An addendum, in this regard, is available with RFP on website.
3			General	Currently, the RFP is silent about permitting the bidder to leverage with credentials and team members of its network firms. Request the bank to allow the proposed bidder to leverage with credentials and team of network firms, working under the common brand name and engaged in similar activity of accounting advisory and financial consultancy in India. This is permitted by all PSU Banks in their criterion as this allows the bidder to leverage from IT and Risk specialists within the network on the engagement.	Please read our below point in eligibility clause : "The firm should be original solution developer or their authorized partners/ service providers / system integrator in India with an authority to do customization/ upgradation during the period of contract with the Bank."
4			Eligibility of the Firms: The firms should have in depth knowledge of the Statutory and Regulatory guidelines of the Host country regulators as well as those of home country regulator, Reserve Bank of India.	Please confirm the eligibility criteria in terms of Host country regulators and home country regulators? Can you please elaborate the names of these regulators?	Firm should understand and comply the home country regulator (RBI) and host country regulator (IFSCA) requirements/expectation on IFRS, if any.
5	5	3	Draw up a set of Methodology Documents tailored to the Bank's situation covering each of the key areas and agree them with the management	Can you please elaborate the areas where methodology documents are required to be documented in agreement with the management?	The firm has to prepare and provide methodology documents in terms of identifying PD, LGD and their rationale behind. How the same will be in line with the Bank's internal credit monitoring tools viz ratings, covenants etc. for identifying impairment and calculation of ECL. A similar document will also be required on EIR calculation and its treatment in the books of accounts.
6	6	8	Training and documentation Support the Bank in documentation of IFRS specific methodologies, test results and accounting notes	Considering consultant is expected to provide tool for ECL & EIR, we understand that the scope for documentation of methodologies, test results and accounting notes will be limited to these tools only.	Agreed. Firm will also be providing an accounting policy in respect of IFRS rules adopted/ applicable to the Bank and support for preparing notes to accounts.

7	6	8	<p>Training and documentation Design, organize, perform workshops and trainings for the Bank in order to communicate necessary knowledge related to following: a) Methodologies b) Business process change</p>	<p>Please share the list of departments/offices for which the training is expected</p> <p>Also, please note that implementation of IFRS has wide spread impact on various areas of business like credit appraisal, HR, finance etc. Please elaborate the Bank's exact requirement in scope of work to be covered for business process change. Further, please elaborate the areas where methodologies are expected to be documented in agreement with the Bank.</p>	<p>Following departments are expected to be involved during the process and will require hands-on and training support :</p> <ol style="list-style-type: none"> 1. Credit Department 2. Risk Management 3. Finance Department 4. Treasury <p>Methodologies are expected on identification of financial instruments, arriving on PD/LGD and ECL calculation thereon. Any expected changes in process for performing these activity will form a part of business process change.</p>
8	7	7	<p>Deliverables: Functional and user acceptance test cases and results;</p>	<p>Considering consultant is expected to provide tool for ECL & EIR, we understand that the scope for functional and user acceptance test cases will be limited to these tools only.</p>	<p>Yes, UAT will be limited to these tools.</p>
9	7	7	<p>Deliverables: Validation of IFRS financials generated and presentation to the Top management/Board</p>	<p>We understand that the term "validation" used denotes guidance/assistance from the consultant for the respective scope. The consultant is expected to assist in preparation of IFRS financials. Under ICAI regulations, the consultant would not be allowed to audit/review the numbers as only auditors are allowed to audit/review/validate/confirm the financials. Please confirm our understanding. Further no certification or assurance in any manner can be provided by the consultant and the engagement will be in nature of advisory services.</p>	<p>The Bank does not expect to provide any audit assurance from the firm. The firm is expected to support and come forward for any clarification requies by the management/board/regulator while preparing or approving the financials in first year of implementation.</p>
10	7	7	<p>Deliverables: To provide utilities/templates and business model document for SPPI test on Investment Portfolio. Also assist territory team to perform the SPPI test on all existing and new securities;</p>	<p>We understand that the Consultant is expected to assist the Bank in documenting Business model & SPPI checklist for sample Investments. Replicating the same on entire portfolio will be the responsibility of the management. Please confirm.</p>	<p>Yes</p>
11		SCOPE OF WORK	<p>(a) Conduct gap analysis on the Bank's readiness for IFRS. This will cover: (i) Models and approach;</p>	<p>Does the Bank have any existing credit risk models in place for credit risk assessment or measurement?</p>	<p>The Bank follows the internal guidance as per Global Credit Exposure Management Policy of the Bank for monitoring of Credit Risk. The same can be provided during project implementation.</p>
12				<p>Request you to please provide the overview of the portfolio:</p> <ol style="list-style-type: none"> 1. Portfolio Name 2. Portfolio Size 3. No. of customers in the portfolio 	<p>Credit Portfolio :</p> <ol style="list-style-type: none"> 1. Size : \$ 2466 mn. 2. No. Accounts : 1424 (out of which 1315 accounts pertain to Trade Finance with limited number of customers). 3. Portfolio includes Trade Finance, Syndication, Bi- lateral and ECB facilities. <p>Treasury Portfolio :</p> <ol style="list-style-type: none"> 1. Investments in Bonds : \$ 338 mn. 2. Derivatives for Hedging investment portfolio : \$ 245mn. 3. Loans to Bank : \$60mn.

13	6	Section 6 - Effective Interest Rate (EIR) Tool	Assist in automating the calculations for computing the processing fee/transaction cost being charged on Loans applying the 'Effective interest rate' ("EIR") method	<ol style="list-style-type: none"> 1. Does Bank has already identified any tool/technology for the technical solution or open for the vendor to provide SME and tool proposed by vendor 2. How many source system/LMS are available to provide the details needed (Principle, tenure/remaining tenure/ Coupon rate) to calculate EIR? 3. What is complexity of calculations for computing the processing fee/transaction cost being charged on Loans using EIR tool? 4. Is the calculation need to be done on individual contract or Portfolio basis 5. Details required for calculating EIR is based on the actual values or provided on some weighted average method? 6. How the impact of changes/restructuring of existing contracts is captured in the source system? 7. Is the expenses and Income are being setoff for amortization processes? 8. Which platform are we considering, On Cloud or On Premises? 9. Automation can only be related to calculation engine or End-to-End automation with ETL functionality? 	The Bank is open for the vendor to provide an automated tool for EIR calculation and calculation to be done on individual contract basis.
14	6	Section 6 - Effective Interest Rate (EIR) Tool	Review of the existing EIR methodology for financial instruments	<ol style="list-style-type: none"> 1. How many financial Instruments is to be taken into consideration? Please name the financial instruments. 2. Does the current Financial/ERP System capture amortisation schedule and staging tables? 	The Bank expects from the firm for suggesting EIR applicability on financial instruments in accordance with IFRS.
15	6	Section 6 - Effective Interest Rate (EIR) Tool	Identifying all scenarios for EIR calculation for financial assets (loans to customers)	<ol style="list-style-type: none"> 1. How the details for any prepayment, moratorium, delay payment, change/restructuring of the contract is currently maintained? 2. Is there any ball park number of EIR calculation scenarios being considered by Bank? 	Currently the Bank is following IGAAP and there is no requirement of EIR calculation. The details pertaining to repayment, moratorium etc. are available in Core Banking system (Finacle) and Treasury in case of investment.
16	6	Section 6 - Effective Interest Rate (EIR) Tool	Support for UAT and deployment of EIR tool	1. Does the team needs to do the entire UAT or will team only be part of bug fix raised by the user during UAT?	The Bank's team will perform UAT with the support of vendor. Any observation/error identified during UAT will be corrected by the vendor before going live.
17	6	Section 6 - Effective Interest Rate (EIR) Tool	Support for UAT and deployment of EIR tool	What is the duration of UAT? What is the headcount of resources needed for Support?	The same can be decided mutually during the implementation stage.
18	6	Section 6 - Effective Interest Rate (EIR) Tool	Support for UAT and deployment of EIR tool	What is the volume of test cases to be executed in UAT?	The same can be decided mutually during the implementation stage.
19	6	Section 6 - Effective Interest Rate (EIR) Tool	Support for UAT and deployment of EIR tool	What is the deployment model being looked for? Will there be Partial/Staggered deployment?	Deployment means, complete implementation of tools/system.
20	6	Section 6 - Effective Interest Rate (EIR) Tool	Methodology Documents and Training	What methodology documents is being looked for by the bank? Will bank share any template for this?	Please refer clarification given in point no. 5
21	6	Section 6 - Effective Interest Rate (EIR) Tool	Methodology Documents and Training	Does training refers to a closed group training of the EIR tool? What is the headcount of resources to be trained for EIR tool?	Training will be provided to the closed group of approx. 10-15 users of the Bank.

22	6	Section 6 - Effective Interest Rate (EIR) Tool	Methodology Documents and Training	Does the team needs to prepare a handbook for training? Is there any specific format in which the training document is expected?	The Bank expects a process document along with training for future reference.
23	2	Eligibility of the firm	The firm should be original solution developer or their authorized partners/ service providers / system integrator in India with an authority to do customization/ upgradation during the period of contract with the Bank.	We understand that the self declaration would suffice for this requirement. Please confirm.	Yes, declaration should explicitly state that the solution is owned by either the bidding firm or its sister concern or authorized partners and not by any third party.
24	2	Eligibility of the firm	The firms should have in depth knowledge of the Statutory and Regulatory guidelines of the Host country regulators as well as those of home country regulator, Reserve Bank of India.	- We understand that IFSCA is the host regulator as referred in this clause. Please confirm. - Further, we understand that the self declaration would suffice for this requirement. Please confirm.	Yes
25	2	Eligibility of the firm	The firm must disclose in their tender details of any circumstances, including personal, financial and business activities that will, or might, give rise to a conflict of interest if they were awarded the contract pursuant to this RFP. If firm identify any potential conflict they should state how they intend to avoid such conflicts.	We understand that the confirmation related to conflict of interest will be limited to the engagement team. Please confirm.	Yes, it is limited to engagement team only.
26	2	Eligibility of the firm	General	Please confirm if there is any basis e.g. marking criteria, to assess the technical and financial bid.	Pls refer our corrigendum. No such requirement, it is at discretion of IFSCIBU to accept or reject the lowest bid.
27	2	Preamble	IFSCA advised all the banking units of IFSC to implement IFRS accounting standard by 30th September 2022.	We understand that IFRS is applicable from 30 Sep 2022 onwards. Are there any specific timelines which management is looking to achieve as the RFP requires EIR and ECL tool implementation including UAT.	Yes. Since it should be implemented by 01.10.2022 as per IFSCA, Management expects that annual report of FY 2022-23 should be in IFRS to comply.
28	3	Proposals	Proposal will be for conversion from Indian GAAP to IFRS with an end-to-end solution and provide support and assistance with conversion/timely completion of Financial Statement for Financial Year 2021-22 and 2022-23 and subsequent handholding	We understand that IFRS FS are to be prepared for - Opening balance sheet of 01 April 2022, - half year ended 30 Sep 2022 and - year ending 31 March 2023. Please confirm if the understanding is correct. Further, please confirm what period is covered under "subsequent handholding"?	Though the effective date of implementation of IFRS is w.e.f. 01.10.2022 but opening date will remain as 01.04.2022 for year ending 31.03.2023 as the Bank is following financial year from April to March. We expect to first run for QE December 2022 in IFRS for understanding the impact, alignment of process and to fulfill remaining gaps to avoid any delay at year end process. After completing the process for FY 2022-23, subsequent handholding will remain until QE June 2023 for any clarification and smooth implementation.
29	3	Proposals	Proposal will be for conversion from Indian GAAP to IFRS with an end-to-end solution and provide support and assistance with conversion/timely completion of Financial Statement for Financial Year 2021-22 and 2022-23 and subsequent handholding	As per this clause, we understand that financial statements for FY 21-22 and 22-23 are to be produced and following FS will have to be prepared: - Opening Balance Sheet - 01 April 2021 - Comparative - 31 March 2022 - IFRS FS - 31 March 2023	Yes

30	5	Scope of Work	General	Please provide information on approximate number of products / portfolios for which EIR/ ECL will have to be computed.	Credit Products : 1. Syndication and ECB Loans 2. Trade Credits 3. Other demand, term loans and overdraft. Treasury Products : 1. Loan to Banks 2. Loan from Banks 3. Investment in Government and Corporate Bonds 4. Derivative Products Liability Products : 1. Current Accounts 2. Savings Bank Accounts
31	5	Scope of Work	General	Please provide information on number of systems used for loans, treasury etc.	Systems : 1. Loan : Finacle 2. Treasury : KTP / K+
32	5	Scope of Work	Diagnostic: Conduct gap analysis on the Bank's readiness for IFRS. This will cover (ii) Data	We understand that this will cover the various agreements and other supporting documents to be assessed for implementing IFRS. Please confirm our understanding.	Yes
33	5	Scope of Work	Effective Interest Rate (EIR) Tool	We understand that an excel based EIR computation template will suffice this requirement. Please confirm.	Bank will assess on the basis of overall compatability, user friendliness and accurate calculation whether the same is coming from Excel Based template or any other tool
34	5	Scope of Work	Assist in automating the calculations for computing the processing fee/transaction cost being charged on Loans applying the 'Effective interest rate' ("EIR") method	Is EIR calculation required to be done for all financial assets/liabilities e.g. loans, investment, borrowings etc. which have transaction fees/cost or only the loans to customer. RFP only specifies automation for loans. Please confirm.	It will be done for all the asset products Loans and investment, wherever it applies as per IFRS
35	5	Scope of Work	Effective Interest Rate (EIR) Tool: Methodology Documents and Training	Kindly clarify the location of these trainings and no of training workshops required, strength of staff to be trained during these training sessions	Training and UAT will be conducted at IFSC with approx. group of 10-15 users
36	5	Scope of Work	Training and documentation	Kindly clarify the location of these trainings and no of training workshops required, strength of staff to be trained during these training sessions	Training and UAT will be conducted at IFSC. 2 to 3 workshops to be conducted with approx. group of 10 to 15 users.
37	5	Scope of Work	Training and documentation: Support the Bank in documentation of IFRS specific methodologies, test results and accounting notes	We understand that our scope of work will not include preparation or updation of any accounting manuals. Please confirm.	Firm has to provide an accounting policy in line with IFRS along with any process documents for using the ECL or EIR tools which involves significant understanding.
38	5	Deliverables	(e) Timely incorporation of any changes proposed in IFRS by regulatory body and develop approach to adopt those changes without any additional cost	We understand that this clause is applicable only till the timelines defined in the proposal. Please confirm.	Yes

39		NA	Limitation on liability	<p>We understand that RFP is silent on any limitation of bidder's liability under the contract.</p> <p>Request to please restrict aggregate liability of the bidder under this RFP and in connection with the services to one time the fees paid to us and shall not cover liability for any indirect or consequential losses.</p>	<p>Bidder's aggregate liability in connection with obligations undertaken as a part of the RFP regardless of the form or nature of the action giving rise to such liability (whether in contract or otherwise), shall be at actual and limited to the Total Contract Value.</p> <p>Bidder's liability in case of claims against the Bank resulting from Willful Misconduct or Gross Negligence of Bidder and its employees or from infringement of patents, trademarks, copyrights or such other Intellectual Property Rights or breach of confidentiality obligations shall be unlimited.</p> <p>Under no circumstances IFSCBU shall be liable to the selected bidder for direct, indirect, incidental, consequential, special or exemplary damages arising from termination of this Agreement.</p>
40		NA	Dispute Resolution	<p>We understand that RFP is silent on the dispute resolution process.</p> <p>Request you to please add below clause as part of RFP:</p> <p><i>"All or any disputes arising out or in relation to the terms and conditions of this Agreement, including the interpretation and validity of the terms thereof and the respective rights and obligations of the Parties, shall be settled amicably by mutual discussion, failing which the same shall be settled per the provisions of the Arbitration and Conciliation Act, 1996 and rules therein."</i></p>	<p>All or any disputes arising out or in relation to the terms and conditions of this Agreement, including the interpretation and validity of the terms thereof and the respective rights and obligations of the Parties, shall be settled amicably by mutual discussion, failing which the same shall be settled as per the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification thereof shall apply to the arbitration proceedings. The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the parties.</p> <p>This RFP and the subsequent contract shall also be governed and construed and enforced in accordance with the laws of India and both parties shall agree for the same in case of any dispute.</p>
41	4	Last Date, Time & Place for Submission	On or before 29.08.2022 @1600 hrs to be submitted at the office of 'The Head-IBU, Bank of Baroda IFSC Banking Unit Office No. 803, 8th Floor, Hiranandani Signature Building, GIFT SEZ Gift City, Gandhinagar-382 355'.	Please confirm if the bidder can submit the bid through the official e-mail IDs.	The bid should be submitted in its original form and will not be accepted over e-mail.
42		NA	Default Clause	Any Default Clause	<p>The bidder must strictly adhere to the delivery dates or lead times identified in their proposal and as mutually agreed with the Bank. Failure to meet these delivery dates, unless it is due to reasons entirely attributable to the Bank, may constitute a material breach of the bidder's performance. In the event that the Bank is forced to cancel an awarded contract (relative to this RFP document) due to the Bidder's inability to meet the established delivery dates or any other reasons attributing to the bidder then that bidder will be responsible for any re-procurement costs suffered by the Bank. The liability in such an event could be limited to the differential excess amount spent by the Bank for procuring similar deliverables and services.</p> <p>In such event defaulted bidder will return the amount paid by the Bank with interest @12% and differential excess amount spent by the Bank for procuring similar deliverables and services.</p>

43	3	Financial Bid	which will include only fees related to the implementation work	Clarification on Financial Bid and Schedule of Payment	<p>The Financial Bid should give all the relevant price information according to the project implementation (stage-wise) schedule and should not contradict the Technical Officer in any manner. There should be no hidden costs for items quoted.</p> <p>The stage wise project implementation schedule should be in line with the Technical requirement and pricing will be segregated accordingly. The bidder should also suggest any post implementation support cost separately for better evaluation and understanding. Post implementation support services should be clearly defined in the proposal.</p> <p>The Bank is not responsible for the arithmetical accuracy of the bid. The bidders will have to ensure all calculations are accurate. The Bank at any point in time for reasons whatsoever is not responsible for any assumptions made by the bidder. The Bank at a later date will not accept any plea of the bidder or changes in the commercial offer for any such assumptions.</p>
44	7	Deliverables	Deliverables	The RFP mentions that financial statements for FY 22 and FY 23 are covered in the scope. Does the scope also cover deliverables for any interim periods.	IFSCBU doesn't expect any deliverables for any interim period. However, expect to first run for QE December 2022 in IFRS for understanding the impact, alignment of process and to fulfill remaining gaps to avoid any delay at year end process and subsequent handholding after implementation.
45	3	Last Date for submission of proposal is 29.08.2022	Last Date for submission of proposal is 29.08.2022	Extension will be helpful to complete the bids in all respect	IFSCBU considered the request and last date of submission is extended till 05.09.2022 by 1600 hrs.

Apart from the above query response any other query submitted or discussed by the bidder is to be considered as No change in RFP clause.