

**Annexure-1**

**GENERAL**

- A) The RFP is being uploaded on Canara Bank's website to be responded by audit firms who are having presence in New York metropolitan area who has undertaken similar projects.
- B) The Proposal shall be submitted duly signed by the authorized signatory with the seal of the Audit Firm in two separate envelopes and to be delivered at the address given below (Re- Contact Person & Communication Address)

**Mr. Naresh Kumar  
Vice President  
Canara Bank  
New York Branch  
805, 3<sup>rd</sup> Avenue, 11<sup>th</sup> Floor  
Suite # 1170, New York 10022**

- C) The quotes should be submitted in a sealed cover on September 16, 2025 (Tuesday) on or before 3:00 P. M. at our office. The said cover will be opened on the same day at 3.15 P. M.
- D) No proposals would be accepted after the above deadline
- E) The Bank reserves the right to accept any proposal or reject all the proposals, without assigning any reasons whatsoever. The Bank's decision in this regard shall be final and binding.
- F) Audit firms shall adhere to minimum cyber security practices normally required to be met by the third party service providers in order to do business in New York, USA as stipulated by the New York State Department of Financial Services ("DFS") under Section 500.11 of Cyber Security Requirements for Financial Services Companies and demonstrate the same in case of requirement.

If you need further information/clarification, please feel free to contact:

Mr. Naresh Kumar, Vice President  
Email: nareshca@canarabank.com  
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**Scope of Audit: Validation of Regulatory Observations on Internal Audit Functions**

The objective of this audit is to conduct an independent validation of regulatory observations i.e. Matters Requiring Attention (MRAs) related to the Internal Audit (IA) function of the Canara Bank New York Branch, as identified by the Federal Reserve Bank New York State (FRBNY) and New York State Department of Financial Services (NYSDFS). The scope of work will ensure compliance with regulatory expectations and address concerns regarding the independence, effectiveness, and operational integrity of the IA function.

If any gaps are identified during the validation process, recommendations will be provided to address the deficiencies. Once the branch/internal auditor has implemented the corrective actions, the same will be revalidated.

## Key Areas of Focus

### 1. Review of Open MRAs related to Internal Audit

- Evaluate the status of regulatory observations pertaining to the IA function.
- Verify the effectiveness of remediation measures implemented for open MRAs.
- Confirm that all corrective actions comply with regulatory expectations and address the concerns raised by the regulators (FRB and NYSDFS).

### 2. Validation of Remediation Measures

- Validate the accuracy, completeness, and timeliness of corrective actions taken to resolve regulatory observations.
- Assess whether remediation measures align with the expectations outlined in the regulatory guidelines and best practices.

### 3. Recommendations for Improvement

- Provide detailed recommendations to address gaps and deficiencies identified during the audit.
- Suggest enhancements to the IA function to ensure long-term compliance and effectiveness.

### 4. Preparation of Audit Reports

- Compile a comprehensive audit report detailing findings, observations, and recommendations.
- Highlight areas requiring immediate attention and prioritize actionable steps for management.

## Deliverables

- A detailed validation report outlining the status of MRAs/MRIAs related to the Internal Audit function.
- Validation Work paper

## Audit Period

- The scope of the audit will cover all regulatory observations and remediation efforts related to the IA function. The following regulatory reports shall be covered in the scope:
  - Report of examination conducted by Federal Reserve Bank of New York (FRBNY) dated October 13, 2023
  - Report of examination conducted by New York state Department of Finance services (NYSDFS) covering the period April 1, 2023 to June 2024 dated August 04, 2025.

## Timeline

- The audit is expected to commence upon the appointment of the independent audit firm and conclude within a mutually agreed timeframe.
- Interim updates will be provided to ensure transparency and address emerging issues during the audit process.

## Qualification of the Audit Firm

### 1. Expertise in Regulatory Compliance

- Demonstrated knowledge and understanding of regulatory requirements and guidelines issued by the **New York State Department of Financial Services (NYSDFS)** and other U.S. financial regulators (e.g., OCC, FRB).
- Proven track record in addressing **Matters Requiring Attention (MRAs)** and **Matters Requiring Immediate Attention (MRIAs)** related to Internal Audit functions.

## 2. Experience in the Financial Services Sector

- Extensive experience conducting audits for financial institutions, particularly in **foreign banking organizations (FBOs)** operating in New York State.
- Familiarity with the unique regulatory and operational requirements of branches of international banks.

## 3. Independence and Impartiality

- The audit firm must operate independently of Canara Bank New York Branch and its Internal Audit function.
- No prior involvement in preparing, validating, or implementing remediation plans for the bank's IA function to avoid conflicts of interest.

## 4. Professional Competence

- The audit team must include qualified professionals with certifications such as:
  - **Certified Internal Auditor (CIA)**
  - **Certified Public Accountant (CPA)**
  - **Certified Information Systems Auditor (CISA)** (if technology-related issues are involved)
  - **Certified Regulatory Compliance Manager (CRCM)** (for regulatory expertise).
- A strong understanding of audit best practices, internal controls, and governance frameworks.

## 5. Experience in Validation of Regulatory Observations

- Proven ability to validate remediation measures for regulatory observations, specifically in:
  - Independence and governance of the Internal Audit function.
  - Segregation of duties and conflict of interest concerns.
  - Regulatory compliance and operational controls.

This scope ensures a comprehensive review and validation process that aligns with regulatory expectations and enhances the integrity of the Internal Audit function.