
SPECIFIC PROCUREMENT NOTICE – IT CONSULTING SERVICES

Procurement type:	Information Technology
Title:	Invitation for Express of Interest of <u>Internal Audit Management System</u>
Project No.	AIIB CP - 00438
Deadline:	March 20, 2019

Date: March 13, 2019

The Asian Infrastructure Investment Bank (AIIB) now invites Expression of Interest (EOI) from qualified IT consulting firms, to provide Internal Audit Management System. A shortlist will be prepared following the pre-defined selection criteria for participating in the selection process. The selection will follow AIIB's draft Corporate Procurement Policy, relevant rules and procedures.

The letter of expression of interest (EOI) should provide information of the company's technical qualifications and experience in undertaking data management related service for international institutions in the past 3 years. The information should include: (i) name of the Project, (ii) name of the Client, (iii) duration of the similar cases, and (iv) a brief description of the similar cases.

Firms should submit all related documents as required under Annex A and B to the following Email address in PDF format, before 23:59, March 20, 2019 (Beijing time).

Contact information:

Corporate Procurement Division
E-mail Address: it.procurement@aiib.org
Facilities and Administration Services Department
Asian Infrastructure Investment Bank
B-9 Financial Street, Xicheng District
100033 BEIJING, CHINA

Annex A – Simplified Terms of Reference

Annex B - Summary of Consultant Information

Annex A: Simplified Terms of Reference

1. Background

The purpose of Asian Infrastructure Investment Bank (AIIB) Internal Audit Office (IAU) is to provide professional and objective assurance and advisory services designed to add value and improve AIIB's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. IAU helps AIIB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. However, the audit planning and execution is currently done manually and without the assistance of tooling or systems to facilitate the procedures and to collect and maintain audit documentation, data, and sign-offs. IAU is in an urgent need of an audit management system that covers audit process management including Plan, Execute, Report and Follow-up. In addition to this, IAU is required to perform audits of travel, procurement and other expenses claims on an on-going basis. This audit is currently not efficient due to lack of tool for automatic data extraction and advanced data analytics.

IAU is looking for an audit management system (hereafter the "system") that follows the International Professional Practices Framework (<https://global.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>). So IAU can:

- Utilize a lean team (IAU has five staff) to ensure highly effective, efficient and consistent IA operation, in line with a quality assurance and improvement program that covers all aspects the internal audit activities.
- Establish strong internal audit practice in compliance with the Institute of Internal Audit (IIA)'s International Professional Practices Framework (IPPF).
- Increase the consistency, efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.
- Prepare for an external Quality Assurance and Improvement Program (QAIP) in 2021 as required under IIA Standard 1300

2. Objective

The objectives of this project include:

- Implement Internal Audit Management System. Reduce the manual work, facilitate the procedures, maintain audit documentation, evidence, reports, follow-ups, and sign-offs within the system.
- Ensure AIIB Internal Audit practice in compliance with the Institute of Internal Audit (IIA)'s International Professional Practices Framework (IPPF).
- Increase the consistency, efficiency and effectiveness of the internal audit activity and identifies opportunities for process improvement.
- Provide basic data analytics capabilities to extract data to Microsoft Excel and basic data visualization.

3. Scope of work

This project mainly includes four parts: product procurement, consulting service, system implementation service (including training), and system maintenance service. The details are as follows.

◆ Product Procurement

- An off-the-shelf Audit Management product will be purchased for this project.
- The product shall support IAU staff to complete audit activities from the beginning to the end. The product shall support typical internal audit workflows at AIIB, which include Planning, Creation and Announcement of Audit Terms of Reference (ToR), Fieldwork, Reporting, Evaluation, and Issue Tracking.
- The product shall follow standard internal audit International Professional Practices Framework (<https://global.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>).
- The product shall support the functions to define Audit Universe at AIIB, covering all risk and control activities.
- The product shall be pre-configured or imported with audit programs or built-in templates for working papers, audit reports, issue tracking and survey.
- The product shall store and maintain the audit documentation, working papers, evidence, and sign-offs; support encryption of sensitive documents and controls of access permission.
- The product shall provide basic data analytics capabilities such as allowing data extraction to Microsoft Excel and basic data visualization.
- The product shall be able to integrate with AIIB's existing authentication mechanism for Single Sign-On (SSO) and with AIIB's existing email solution for automatic email notification service.
- The license purchased in this project is **3 years or perpetual**.

Please refer to the **Appendix B-1** and **B-2** for detailed functional requirements that the product shall meet.

◆ Consulting Service

- Communicate with IAU and analyze relevant documents and previous audit cases to understand IAU's audit methodologies, procedures, business requirements, system requirements, reporting requirements, and Quality Assurance requirements.
- Design the system configurations based on IAU's procedures and requirements, and implement them in the system.
- Design the system test cases, collect or create test data or files, organize the test, analyze the test result, and optimize the system configurations accordingly.

◆ System Implementation Service

- Design the system implementation plan and manage the project progress.
- Deployment, configuration and integration of all the hardware and software components of the system.
- Create and maintain all the system-related documents.
- Knowledge transfer, including training for system administrators (system operation and configuration), and training for users (working sessions, videos, posters and user manual).

◆ System Maintenance Service

- 60 days on demand on-site or remote supporting service after system go-live.
- 3 years product maintenance and support service.

4. Timeline

- System Deployment and Configuration: 2019.7 – 2019.8
- Go Live: 2019.9
- Maintenance: 2019.9 – 2022.8

5. Deliverables

- Project Charter
- High-Level System Design Document
- System Detail Design Document
- Business requirement specification document
- Database Structure (if applicable)
- System implementation plan
- System Test Strategy and Test Plan
- Unit Test Report
- User Acceptance Test Report
- Performance Test Report
- System go live plan and report
- System Operation and Maintenance Manual – Audit Management
- System Operation and Maintenance Manual – Data Analytics
- User Training Guide – Audit Management
- User Training Guide – Data Analytics
- Service report (on-demand)
- Internal Audit Management System go-live with all the necessary licenses

6. Qualification and Experience Required for Potential Vendors or Experts

- The product vendor:
 - must have at least 3 reference cases in Multinational Financial Institutions , preferably from Multilateral Development Banks.
 - must have technical service team (own or business partners) in China.
- The consultant(s):
 - must come from the product vendor or its business partners.
 - must have at least 5 years experiences in Audit Management consultation.
 - must have at least 3 reference cases in Multilateral Development Banks or Multinational Financial Institutions
 - must have excellent command of written and spoken English.
 - must be able to write thorough, concise and user-friendly documentation.
 - must have strong technical analytical and problem-solving skills.
 - must have strong interpersonal communication skills both verbal and written.
- The implementation team:

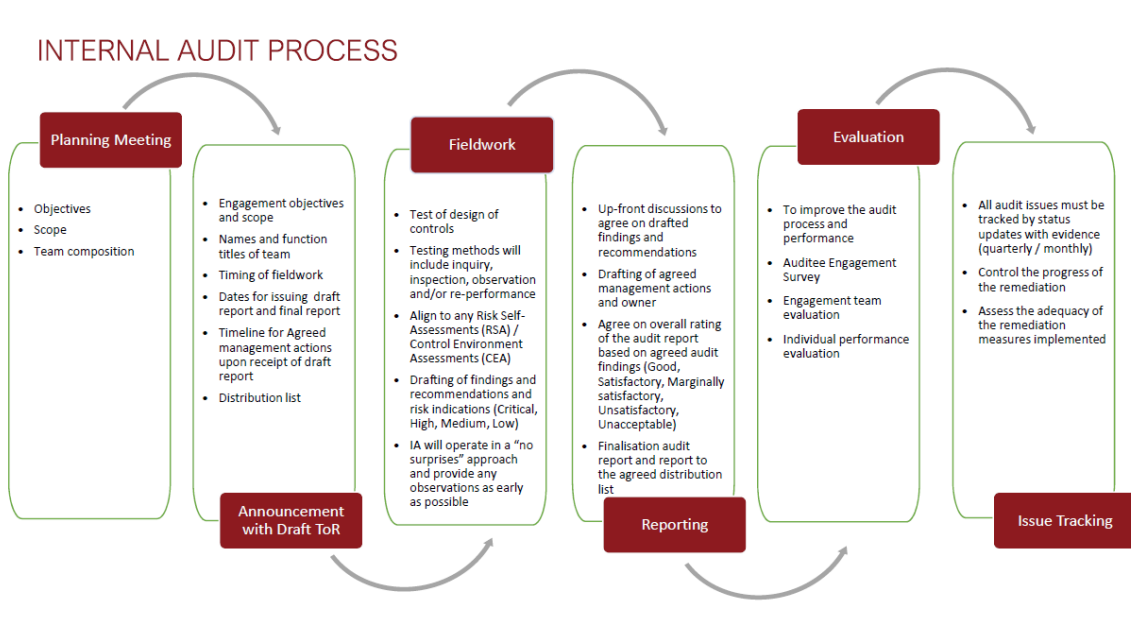
-
- the project manager and key experts must have at least 5 years experiences in Audit Management System implementation.
 - other team members must have at least 3 years experiences in system implementation.
 - The maintenance team:
 - must be able to provide supporting daytime service in Beijing time zone
 - must have at least 3 years experiences in Audit Management System maintenance.

7. Documents Required in Your Response

- ◆ Solution Description
 - must address each of the above requirements in the above section “Scope of Work” and Appendix “Functional requirements”
 - for each of the requirements, must state whether it can be fully met, partially met or not met.
 - For each of the requirements, must specify in detail how can it be met, necessary system screenshots should be attached as a proof.
- ◆ Reference Cases
 - Must separately list the reference cases of the product vendor
 - For each reference case, should at least specify: client name (if possible), client region, industry of the client, size of its internal audit team (a range if detailed number is not available), volume/scale of the system, etc.
- ◆ Project Team
 - Must provide detailed CV for each of the team members, especially the working experience and references cases.
- ◆ Proposed Deliverables
- ◆ Resource Plan & Schedule
- ◆ Project Risks and Mitigations

ANNEX A -1

Functional Requirements



1. Audit Management

IAU's requirements on the Audit Management System are:

- In compliance with the Institute of Internal Audit (IIA)'s International Professional Practices Framework (IPPF)
- Support IAU to prepare for Quality Assurance and Improvement Program (QAIP) in 2021 as required under IIA Standard 1300
- Supports definition of audit universe, covering all risk and control activities
- Supports basic internal audit process and have proper process management in place, i.e. Plan, Execute, Report and Follow-up
- Supports resource planning by allowing easy create of resource plan and budget estimation
- Tracks progress of audits and integrates to Office 365 solution for email notifications
- Has document management system which allows easy storage of documents, encryption of sensitive documents and controls of access permission
- Provides built-in documentation templates for working papers, audit reports, issue tracking and survey.
- Provides basic data capabilities, such as allowing data extraction to Microsoft Excel and basic data visualization
- Supports AIIB approved documentation templates and fonts
- Supports American English
- For cloud solutions, the data centers should be located in AIIB member countries
- Able to support Governance, Risk and Control framework with wide range of use cases, with best practice built into the system (such as workflows and report templates)
- Allow data and information sharing between 2nd Line of Defense and 3rd Line of Defense

In addition to the three to five-year planning and risk assessment, a complete internal audit activity

usually has six steps: planning, creation and announcement of ToR, fieldwork, reporting, evaluation, issue tracking. The functional requirements are as below:

a) Planning:

(i) Define audit universe and risk assessment

- o IAU shall be able to use the system to define audit universe. It is about 44 departments / teams / processes identified at the bank and it will be about 65 in 2019. A sample audit universe is as below:

Audit Universe
Departments / Processes
...
Facilities and Administration Services Department
FAS-Administrative Services
FAS-Facilities Management
FAS-Corporate Procurement
Human Resources Department
HR-Payroll and benefits
HR-Recruitment/training/performance management
Information Technology Division
IT-Business Projects
IT-Infra
IT-Security
IT-Operations
Office of the VP, Chief Financial Officer
Office of the Controller
CTL-Cost Control
CTL-Loan Administration
CTL-Financial Accounting
Office of the Treasurer
...

- Conduct risk assessment: IAU shall be able to use the system to conduct risk assessment align with bank framework. The risk types and scoring shall be customizable. It is preferred that the system provides predefined risk types, risk assessment methodology and risk scoring formula. A sample risk assessment result is as below:

Audit Universe	Risk types per Risk Management Framework								
	Credit	Equity investment	Asset liability	Market	Liquidity	Operational	Integrity	Environmental & social	Reputational
Departments / Processes									
...									
Facilities and Administration Services Department									
FAS-Administrative Services									
FAS-Facilities Management									
FAS-Corporate Procurement									
Human Resources Department									
HR-Payroll and benefits									
HR-Recruitment/training/performance management									
Information Technology Division									
IT-Business Projects									
IT-Infra									
IT-Security									
IT-Operations									
Office of the VP, Chief Financial Officer									
Office of the Controller									
CTL-Cost Control									
CTL-Loan Administration									
CTL-Financial Accounting									
Office of the Treasurer									
...									

- The system should be able to create Risk Types such as credit risk, equity investment risk, asset liability risk, market risk, liquidity risk, operational risk, integrity risk, environmental & social risk and reputational risk. Additional risk types include financial reporting risk, legal risk, IT & cyber risk, strategic risk and HR risk.

(ii) Planning meeting

- IAU shall be able to use the system to develop and document audit plan for each engagement, the plan includes the objectives, scopes, team composition, etc.
- Approve the audit plan by Head of Audit in the system;
- Use the system to assign the audit resource;
- Schedule the audit activity in the system;
- If required, send Risk and Control Self-Assessment (RCSA) surveys (the requirement is optional) via the system to the auditee.

b) Terms of References (ToR)

IAU shall be able to use the system to develop and document the ToR, which includes:

- Engagement objectives and scope;
- Names and function titles of team;
- Timing of fieldwork;
- Dates for issuing draft report and final report;
- Timeline for Agreed management actions upon receipt of draft report;
- Distribution list.

c) Fieldwork:

- Create audit files/programs, and approved by Head of Audit in the system;
- Part of the audit program creation, the system shall contain a mandatory step of “fraud risk assessment”. It is preferred that the system contain predefined fraud risk assessment templates and can be configurable and/or customizable. Manual assessment using spreadsheet is also acceptable and the results should be uploaded to the system as part of audit program documentation.
- Knowledge management, the system shall be able to import audit programs or templates from AuditNet or other sources;
- IAU shall be able to use the system to draft findings and recommendations and risk indications (Critical, High, Medium, Low);
- IAU shall be able to review the audit work in the system;
- Track actual time spent each member of team/each activity in the system;

d) Reporting:

The authenticity, appropriateness, legitimacy and effectiveness of the business situation of the auditee and the internal control of the auditee shall be documented in reports. The results of the reports should be reported to management and discussed by the relevant departments.

- IAU shall be able to use the system to draft findings and recommendations and send it to the auditee for discussions
- Drafting of agreed management actions and owner information in the system
- Use the system to record agreed rating of the audit report based on agreed audit findings (Good, Satisfactory, Marginally satisfactory, Unsatisfactory, Unacceptable);
- Finalize audit report and send to the agreed distribution list via the system.

e) Evaluation:

To improve the audit process and performance:

- IAU shall be able to use the system to send out Auditee Engagement Survey;
- Engagement team evaluation in the system;
- Individual performance evaluation in the system.

f) Issue tracking:

All audit issues must be tracked by status updates with evidence such as quarterly or monthly

- The system shall be able to send reminder e-mails to the auditee automatically per defined frequency and the auditee shall be able to provide the updates via a link from the e-mail;
- After assessing the adequacy of the remediation measures implemented, IAU shall be able to review for closure of issues in the system
- Track progress in resolving actions or accepting risks, all Issue Owners and Action Takers can track and update their respective audit points via the system.

2. Data analytics

The solution should also provide data analytics capabilities to analyze large data sets, such as staff travel and expense claims, individual consultant expense claims, etc.

3. Mobile Access (Optional)

The solution should provide mobile access via smart phones or pads to use some audit management

functions such as: status checking, task assignment, audit evidence uploading, review and approval, etc.

4. Access Control and Authentication

User can only access the Audit Management system in AIIB Intranet environment, including remote access via AIIB-provided VPN.

5. E-Mail system integration

The system shall be able to integrate with the AIIB email system, i.e. Office 365.

6. Data Source System integration and automated data extraction

System integration and automated data extraction between Audit Management System and other data source systems, including but not limited to Accounting, Procurement, and Treasury systems, such as SAP Business ByDesign, SAP Fieldglass, SAP Concur, Microsoft SharePoint, etc.

ANNEX A -2

GRC Preference

Governance, Risk Management and Compliance (GRC) Preference

The system shall preferably integrate with a mainstream GRC solution OR support the following GRC functional requirements for all 3 lines of defense:

- Risk and Control Documentation/Assessment: Risk statements and the related controls required to mitigate them to an acceptable level must be documented sufficiently to satisfy a number of key internal and external stakeholders. Statements and controls must also provide the basis for performing a comprehensive risk assessment at a strategic, operational and technological level. Requirements include:
 - Risk-related content, including a risk framework, taxonomy/library, key risk indicator (KRI) catalog, and legal, regulatory and organizational compliance requirements
 - Risk assessment methodology and calculation capabilities (for example, bow tie risk assessment)
 - Policy documentation and control mapping
 - Audit work paper and testing management
 - Support Third-party/Vendor risk assessment
- Incident Management: Proactive management of risk incidents can lead to a reduction in business impact and inform future risk mitigation efforts. A record of incidents can be used to inform the risk assessment process and facilitate the identification of event causes. Requirements include:
 - Incident data capture
 - Incident management workflow and reporting
 - Root cause analysis
 - Investigative case management
- Risk Mitigation Action Planning: the solution shall provide support to risk professionals and business leaders in managing and testing the associated risk mitigation efforts. Requirements include:
 - Project management capabilities to track progress on risk-related initiatives, audits or investigations

- Risk control testing capabilities, such as continuous control monitoring
- Control mapping to risks, business processes and technology assets
- Control mapping to legal requirements and compliance mandates
- KRI Monitoring/Reporting: the solution shall be able to aggregate and report a wide array of risk levels using key risk indicators (KRIs). Requirements include:
 - Risk scorecard/dashboard capabilities
 - External data integration (for example, information security vulnerability assessment data)

Annex B: Summary of Consultant Information

Firm's Name: _____

The information shall include but not limited to the following:

- Firm's basic information (base location, years of the experience, etc.)
- Firm's experience in the similar projects (name of the projects, main SOW, size, reference client names, etc.)

Basic information	Base Location	Years of the Experience	Names of three cases	Brief of information (Time, size, deliverable, etc.)	Reference Client Names ¹
			1		
			2		
			3		
Contact person:					

Note:

- 1.
- 2.

