

REAL ESTATE REGULATORY AUTHORITY, BIHAR, PATNA

6thFloor, Bihar State Building Construction Corporation Campus Hospital Road, Shastri Nagar, Patna – 800023

Date: 27.01.2020

Request for Proposal (RFP)

for

Empanelment of CAG empanelled CA firms for undertaking forensic audit and analysis of audited statement of accounts of Projects submitted by the Registered Promoters under Real Estate (Regulation and Development) Act 2016

DATA SHEET

1	Name of the Bid	Empanelment of CA Firms for undertaking Forensic Audit and Analysis of Statement of Accounts of the Projects/Financial Statement of Registered Promoters/Builders under RERA Act
2	Time Period of Empanelment	36 months i.e. 3 years
3	Bid Processing Fees	Non Refundable fees of Rs. 5,000/- through DD in favour of Chairman, Real Estate Regulatory Authority, Bihar payable at Patna
4	Earnest Money Deposit	Rs. 50,000/- through DD in favour of Chairman, Real Estate Regulatory Authority, Bihar payable at Patna
5	Proposal Validity Period	180 days
6	Date of Pre Bid Meeting	6 th February, 2020 at 3 PM at Real Estate Regulatory Authority, 6 th Floor, Bihar State Building Construction Corporation Campus, Hospital Road, Shastri Nagar, Patna -23
7	Date, Time and Place of Submission of Bid	On 20 th February, 2020 upto 3 PM at Real Estate Regulatory Authority, 6 th Floor, Bihar State Building Construction Corporation Campus, Hospital Road, Shastri Nagar, Patna -23
8	Consortium to be allowed	No
9	Sub Contracting is Allowed	No

Real Estate Regulatory Authority, Bihar

Proposals is invited for empanelment of aspirant CAG empanelled CA firm for undertaking Forensic Audit of Statement of Accounts of Projects/ Analysis of Financial Statement of Registered Promoters/Builders under RERA Act

(A) Brief Details

REAL ESTATE REGULATORY AUTHORITY (RERA) is an Authority formed under an Act of Government of India namely Real Estate (Regulation and Development) Act 2016 and all the sections of the Act have come into force with effect from May 1, 2017. The Bihar Real Estate (Regulation & Development) Rules 2017 (Including Agreement for Sale Rules) was notified by the Government of Bihar on April 28th, 2017. The Real Estate Regulatory Authority of Bihar will provide the platform for Registration of the Real Estate Projects with Promoter details and the Real Estate Agents. Apart from this it will also receive the complaints related to various stakeholders as given under the aforementioned act and the rules.

To achieve the mandate as given in the Real Estate (Regulation and Development) Act, 2016 (hereinafter “the RERA Act”) and the Bihar Real Estate (Regulation and Development) Rules, 2016 (hereinafter “the Bihar RERA Rules”), the Authority seeks to select Auditors to support in its various tasks/ functions. The Bidders must have skills and experience in forensic audit/analysis of annual accounts/statement of accounts of Group housing schemes/ Real Estate Promoters /Developer/ Projects. Empanelled Auditors are required to conduct the audit including forensic Audit/Analysis of the accounts of real estate projects/Promoters as and when directed to do so by the Authority.

The Auditor shall be empanelled for a period of two (2) years, with the provision for extension for subsequent period of similar tenure based on their performance.

(B) Scope of Work

1. The Real Estate (Regulation and Development) Act, 2016 requires verification of statement of accounts/financial statements/quarterly accounts submitted by the builders/promoters etc and also to verify whether the amounts collected for a particular project have been utilized for the project and the withdrawal has been in compliance with the proportion of the percentage of the completion of the project.
2. Prepare standard formats and checklist for collection of information from developers/promoters/directors of the project-company (hereinafter referred to as company”).
3. Procure/collect organizational structure and detailed information about business of the company.
4. Details of mortgages, liens, encumbrances, third party rights created on the project land.

5. Procure business continuity plans from the promoters of the company.
6. List of allottees (names, addresses and contact numbers) who have applied for flats in the project scheme-wise with their sample files (Builder Buyer Agreements- BBA) and details of amounts collected from each allottee.
7. Procure bank-reconciliation statements and separate/escrow account details with a list of all banks and year-wise statements of the company.
8. List of all subsidiary, sister concerns, partnership and JV companies. List of all transactions between company and these related entities from inception of the project.
9. Project related data such as – Title deed, sub-lease deed, sanctioned layout, built-up area, FSI sales, saleable area, built-up area, unit matrix, no of units/floors/towers, floor matrix, FAR details, project specifications, project budgeted cost, land dues (if any).
10. Review current and historical directorship held by individuals in the company and directorship mapping.
11. Review shareholding pattern of the company and the extent of shareholding of each promoter/shareholder.
12. Procure and Review audit related documents such as:
 - a. Checklist of compliance with accounting standards
 - b. Checklist of compliance with auditing and assurance standard
 - c. Schedules of Balance sheet items and revenue & expenses
 - d. Copy of audited financial statements of previous years (from inception of the project)
 - e. Extracts or copies of important legal documents, agreements and minutes relevant to the audit.
 - f. A record of the study and evaluation of the internal controls related to the accounting system.
 - g. Independence policy and declarations by audit staff
 - h. Signed audited financial statements of the company
13. Scrutinize bank accounts/ sales MIS/ Cash flow system (CFS) / Customer Management System (CMS)/ Customer ledgers etc to ascertain the money collected (cash inflows) in the projects from homebuyers and other financial avenues such as banks/financial institutions/NBFC"s etc. vis-a-vis money deployed (cash outflows) on the project to ascertain any diversion of the project money.
14. Analyse major policies related to purchase and sale.
15. Significant audit observations of previous year and replies by management
16. Conduct independent assessment of work done at site and comparison of the same with books of accounts.
17. Conduct independent assessment of amount required to complete the balance construction work.
18. Sampling of supporting documents (RA Bills, contractor ledgers, vendor ledgers and consultant contracts and ledgers) of the company year-wise.
19. Suggest the ways and work out the modalities to dispose of unsold inventory/ assets and other receivables so that funds could be used to refund the money with interest to homebuyers and complete the ongoing projects expeditiously for delivery of units/plots/villas etc to the allottees.
20. Any other analysis, interpretations and requirements in specified formats as Authority may deem fit.

(C) Payment Schedule, Deliverables and Timelines

The overall period of the engagement of the empanelled Auditor shall be thirty six (36) months from the date of signing the contract, with the provision for extension based on requirement.

As and when there is a need to conduct Audit/Analysis for a particular project, the Authority will ask the empanelled Auditors to carry out the work for which the rates will be decided after mutual discussion between RERA and the empanelled auditor.

Selected empanelled auditor will be asked to conduct the Audit/Analysis. The payment schedule will be as follows:

25% of the audit fee	within 15 days of the communication of the order of RERA to the promoter
50% of the audit fee	within 15 days of submission of draft audit report to the authority
Balance 25% of the audit fee	within 15 days of the acceptance of audit report by RERA

In case of any delay in submission of report / deliverables by more than one month for the reasons solely attributable to the auditor, the authority may impose a penalty up to 10% of the total amount of fee payable at that deliverable per month.

(D) Eligibility Criteria

1. The Chartered Accountant firm shall be a CAG empanelled entity for the financial year 2019-20.
2. The Chartered Accountant firm should have PAN & GST registration
3. The firm should have been in operation for at least 10 years after registration.
4. The firm shall have minimum 3 FCA partners and 15 employees including articles.
5. The firm shall have a minimum average annual turnover of Rs. 50 Lacs for FY 2016-17, 2017-18 and 2018-19.
6. The firm shall have experience in audit/financial consultancy in externally aided projects/Government or Semi Government organizations/Real Estate Projects of at least 5 projects.

(E) Other Points

1. The selected firm shall not sublet the assignment to any other CA firms or individual Chartered Accountant. If such practice is found, the Authority will be at liberty to rescind the retainership and blacklist the firm.
2. Only those bid applications will be scrutinized who will qualify the minimum eligibility criteria.
3. RERA will have the right to cancel any application and/or postpone the processing of selection at any stage without assigning any reasons thereof.
4. No joint Venture or consortium will be allowed for the project.
5. A Self Evaluation Sheet is also to be filled by the bidder attached as per Format B.

(F) Bidding & Selection Process

1. The Technical Bid, containing all the supporting documents for the eligibility criteria and as per marking scheme should be enclosed in a separate sealed envelope with index and page number super scribing **“Technical Bid for CA Empanelment”** and enclosing Format A.
2. The envelope should super scribed **“Application for CA Empanelment”** and shall be sent through courier/speed post or by hand to the following address latest by 20th February 2020 **till 3.00 PM** at the office of **Real Estate Regulatory Authority, 6th Floor, Bihar State Building Construction Corporation Campus, Hospital Road, Shastri Nagar, Patna -23**. Bidder or his representative may remain present at the time of opening of bid document.
3. The applications will be opened on the **same day at 5.00 PM** at the office of **Real Estate Regulatory Authority, 6th Floor, Bihar State Building Construction Corporation Campus, Hospital Road, Shastri Nagar, Patna-23**. Applications received after the stipulated date and time will not be considered for evaluation.
4. The short listing of applications in view of the prescribed parameters & eligibility criteria shall be done by the Evaluation Committee of RERA, Bihar.

5. The firms scoring a minimum of 600 marks would be eligible for empanelment. RERA will have absolute power to restrict number of the CA firms on the basis of marks.
6. After completion of all the processes, the CA firm finally selected in the manner as specified above will get the empanelment letter after approval from RERA Authorities along with terms & conditions.
7. The RFP is also available on the website <https://rera.bihar.gov.in>

Secretary
Real Estate Regulatory Authority
Bihar, Patna

Information and Document for Eligibility Criteria and Technical Qualification

S. No.	Particulars	Details	Supporting Required
1	Name of CA firm, Address, Branch Details, Email , Contact number		Firm Constitution Certificate on or after 01.01.2019
	Date of Establishment		
	Details of Partners (ACA/FCA) and list of employees/articles		
2	PAN No.		Copy of PAN
3	GST No.		Copy of GST Registration
4	CAG Empanelment		Proof of CAG Empanelment
5	Average Annual Turnover for last 3 FY i.e. 2016-17, 2017-18 & 2018-19		Copy of Audited Financial Statements
6	Details of Govt Assignments/Externally Aided Projects handled related to Audit/Accounting		Copt of Work Order/ LOA validating the work awarded
7	Experience of Firm in Investigation, Special/forensic Audit under the special Provisions of the High Court ,Income Tax or any other authority		Copt of Work Order/ LOA validating the work awarded
8	Detailed CV of Team Leader		Detailed Curriculum Vitae
9	Non Blacklisted Declaration		Self Declaration for Non Blacklisting
10	Self Declaration about the Association with RERA approved Organization as Client for any nature of work.		Declaration with name and RERA No. to be attached.

Marking Criteria for CA Empanelment (Qualifying Marks would be 750 marks)

S. No.	Criteria	Marking	Maximum Marks
1	No. of Partners		100 marks
	< 3 Partners	0 marks	
	4-5 Partners	50 marks	
	>5 Partners	100 marks	
2	Annual average Turnover of the firm (3 years)		150 marks
	25-50 Lacs	50 marks	
	50-100 Lacs	75 marks	
	>100 Lacs	100 marks	
	>200 Lacs	150 marks	
3	Years of Experience of Firm		150 marks
	>10 years	50 marks	
	10-15 years	60 marks	
	15-20 years	75marks	
	>20 years	100 marks	
	>25 years	150 marks	
4	Govt. Assignments/Projects or Externally Aided Projects Experience in Audit/Accounting (Marking will be based on Nature of work and size of the Organization/Client in terms of turnover and nature of Activities)		100 marks
	>10 Projects	100 marks	
	10-15 Projects	150 marks	
	>20 Projects	200 marks	
5	Team Leader Experience (Govt projects) (Marking will be based on Nature of work and size of the Organization/Client in terms of turnover and nature of Activities)		100 marks
	Less Than 3 Project	0 marks	
	3 to 6 Projects	25 marks	
	6 to 10 Projects	50 marks	
	10 and above	100 marks	
6	Experience of Firm in Investigation and Special Audit under the special Provisions of the High Court ,Income Tax (Marking will be based on Nature of work and size of the Organization)		200 marks
	Less Than 1 Project	0 marks	
	1 to 3	50 marks	
	4-5	75 marks	
	> 5 projects	100marks	
	>10 Projects	200 marks	
		TOTAL	800 marks

- **Valid Supporting Documents are to be attached for each marking criteria**