

RESPONSE OF UTTAR PRADESH REAL ESTATE REGULATORY AUTHORITY TO QUERIES RECEIVED FROM APPLICANTS ON REQUEST FOR PROPOSAL (RFP) FOR EMPANELMENT OF FORENSIC AUDITOR BY UP-RERA

S.No.	RFP Clause	Query/ Suggestion	Response of Authority
1	Disclaimer	We are not a statutory audit firm and understand that the reference to auditor in the RFP should be read as forensic reviewer	One need not be a statutory audit firm to apply.
2	4.1.b The Applicant firm must be a practicing Chartered Accountant firm having at least fifteen (15) years of experience in providing Audit services in India to Government organizations/agencies	We understand that one should be eligible to apply if they are either an entity as explained in clause a (above) or b	Please refer to Corrigendum
3	4(1)(c) Requirement for a CA with more than 15 years experience	We understand that the requirement is that the applicant entity should have one CA with more than 15 years of experience. If yes, they should be considered as to have met the requirement	Please refer to Corrigendum
4	6.3.2 Except with the prior written consent of the Client, the Auditor and the Personnel shall not at any time communicate to any person or entity any confidential information acquired in the course of the Services*, nor shall the Auditor and the Personnel make public the recommendations formulated in the course of, or as a result of, the Services. Except as otherwise permitted by this Agreement, neither of the parties may disclose to third parties the contents of this Agreement or any information/report/advice provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Parties may, however, disclose such confidential information to the extent that it: (a) is or becomes public other than through a breach of this Agreement, (b) is subsequently received by the receiving party from a third party who, to the receiving party's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information, (c) was known to the receiving party at the time of disclosure or is thereafter created independently, (d) is disclosed as necessary to enforce the receiving party's rights under this	* Please consider if we can add - <i>except to other member firms on a need-to-know basis involved in the performance of the services.</i>	No change in the RFP

	<p>Agreement, or (e) must be disclosed under applicable law, legal process or professional regulations. These obligations shall be valid for a period of three(3) years from the date of termination of this Agreement.</p>		
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5	<p>6.3.2 Except with the prior written consent of the Client, the Auditor and the Personnel shall not at any time communicate to any person or entity any confidential information acquired in the course of the Services, nor shall the Auditor and the Personnel make public the recommendations formulated in the course of, or as a result of, the Services. Except as otherwise permitted by this Agreement, neither of the parties may disclose to third parties the contents of this Agreement or any information/report/advice provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Parties may, however, disclose such confidential information to the extent that it: (a) is or becomes public other than through a breach of this Agreement, (b) is subsequently received by the receiving party from a third party who, to the receiving party's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information, (c) was known to the receiving party at the time of disclosure or is thereafter created independently, (d) is disclosed as necessary to enforce the receiving party's rights under this Agreement, or (e) must be disclosed under applicable law, legal process or professional regulations. These obligations shall be valid for a period of three(3) years from the date of termination of this Agreement.</p>	<p>Please consider to add at the end of the clause: <i>However, the confidentiality obligations and exceptions set out under sub-clause (a) to (d) shall not apply to the reports provided by the Auditor. For the avoidance of doubt, the confidentiality obligations in relation to reports shall survive in perpetuity.</i></p>	<p>No change in the RFP</p>
6	<p>6.3.3 Documents prepared by the Auditor to be the property of the Client</p>	<p>Please consider to permit the auditor to also hold the working papers and copy of deliverables to ensure compliance with statutory requirements in future</p>	<p>Please refer to Corrigendum</p>
7	<p>Point #11 on review of documents</p>	<p>Please clarify if we are referring to statutory auditors or internal auditors</p>	<p>Please refer to Corrigendum</p>
8	<p>Clause 2 of Para 4.2 on experience of similar engagements</p>	<p>Do we need to provide balance sheets of clients audited as evidence (as scoring is based on balance sheet size) ? If yes, this could be a problem as this information could be confidential to our clients. Also, we understand that by similar assignments here mean forensic audits and not statutory audits.</p>	<p>Please refer to Corrigendum</p>

9	Point 2 (Data Sheet), sub point 6 of the table - Financial Bid to be submitted together with Technical Bid	<p>It is mentioned that Financial Bid to be submitted</p> <p>together with the technical bid as "Yes"</p> <p>There is no format provided for financial bid in the RFP.</p> <p>Also it is stated in the RFP that on need basis; Authority will ask the empanelled auditors to submit their quote inclusive of manpower cost.</p> <p>Please clarify if we need to submit the financial bid at this point of time</p>	Please refer to Corrigendum
10	<p>Point 4.1 (Eligibility criteria), sub point b and c</p> <p>b) The Applicant firm must be a practicing Chartered Accountant firm having at least fifteen (15) years of experience in providing Audit services in India to Government organizations/agencies</p> <p>c) The Applicant firm must be a practicing Chartered Accountant firm having at least ten (10) years of experience in auditing Infrastructure / real estate projects</p>	<p>The eligibility criteria specifically mentioned to be a practicing chartered accountancy firm where as the first point (a) of 4.1 states that applicant can be a company incorporated under the companies act as well.</p> <p>In India, the specialist firms who conduct forensic audits may not be solely a CA firm. There are consultancy firms which provides tax, advisory and forensic services to the Client.</p> <p>We request you to please omit the word "CA firm" from these clauses else include the applicant firms as mentioned in Point a of Clause 4.1</p>	Please refer to Corrigendum
11	Point 4.1 (Eligibility criteria)	<p>Currently the eligibility criteria is more for the regular audit firms instead of forensic auditors. We understand that the objective of the RFP is to empanel the forensic auditors for UP-RERA. In order to get the quality in forensic audits, we hereby request the Authority to include conditions in eligibility criteria to get specialized forensic firms to achieve the objectives of UP RERA i.e.</p> <ol style="list-style-type: none"> 1. The Consultant should have minimum revenue from Forensic Audit practice in any of the previous two financial years of not less than INR 20 crore as per audited financial statement. 2. The Consultant should have minimum 50 full time employees in Forensic team <p>We would also request clause (b) and (c) may be modified to include other consultancy services as well. Clause (f) may be modified to include forensic audits on</p>	Please refer to Corrigendum

		<p>behalf of banks, projects for assisting government agencies in enforcement/investigations</p>	
12	Point 4.2 Evaluation criteria	<p>While the RFP is for empanelment of forensic auditors but out of 100 marks, only 20 marks allocated to forensic audits.</p> <p>In order to get the quality in forensic audits, we hereby request the Authority to include clauses which can help Authority to determine the forensic capabilities and credentials of the applicant firms so that the utmost quality of forensic audits can be achieved. Further Authority should also focus on the quality of the proposed team who will execute the forensic audits for UP RERA. Indicative clauses to be included are as under i.e.</p> <ol style="list-style-type: none"> 1. Points should be given on credentials of forensic audits only and not on regular audits as mentioned in point 2 and 3. Higher marks may be provided for forensic audits of real estate and infrastructure sector and lower marks on forensic audits of other sectors 2. Marks should be provided on the team members proposed for forensic audits. Applicant should be asked to provide the resumes of the proposed team. Authority can provide marks at each level and evaluate the resumes after considering their experience of conducting forensic audits, sectoral experience, qualification etc. Proposed team members to 	Please refer to Corrigendum

		<p>include.</p> <p>a. Team Leader (1): Overall supervision and managing the forensic audit</p> <p>b. Financial Expert (2): Conduct forensic review of book of records including bank statements</p> <p>c. Civil Engineer (1): Technical expertise in terms project status, completion and other areas.</p> <p>3. There should be more marks allocated to Approach & Methodology section to evaluate basic understanding of the applicant on the following: Key deliverables identified, timelines and action outlined. Overview of the whole process Approach & methodology</p>	
13	<p>4.1.b. - The Applicant firm must be a practicing Chartered Accountant firm having at least fifteen (15) years of experience in providing Audit services in India to Government organizations/agencies</p>	<p>BDO India LLP is not registered as a Chartered Accountancy firm with the Institute of Chartered Accountants of India ("ICAI"). However, BDO India employs around 235 Chartered Accountants ("CAs) on a full-time basis and 116 Partners / Associate Partners / Directors, of which, more than 73 are CAs. Kindly confirm, if based on the above experience BDO India LLP is eligible for empanelment of Forensic Auditors for UP-RERA.</p>	<p>Applicant need not to be a registered Chartered Accountancy firm. Please refer to Corrigendum</p>

14	4.1.c. - The Applicant firm must be a practicing Chartered Accountant firm having at least ten (10) years of experience in auditing Infrastructure / real estate projects.	BDO India LLP has performed forensic audit of multiples Infrastructure and real estate companies on behalf of various PSU banks, Stock Exchanges or under Insolvency bankruptcy code in last five years and have successfully completed the engagements. Our team also consist of auditing experts for Infrastructure / real estate projects, having more than 10 years of experience in auditing of Infrastructure / real estate projects. Kindly confirm, if based on the above experience BDO India LLP is eligible for empanelment of Forensic Auditors for UP-RERA.	Applicant need not to be a registered Chartered Accountancy firm. Please refer to Corrigendum
15	4.1.f. - The Applicant firm should have completed at least ten (10) Auditing projects for Government organizations/ agencies (Departments/ Semi Government or Autonomous Bodies/ PSUs/ Development Authorities) in the areas of Audit, with five (5) of them related to Audit of infrastructure / real estate Projects.	BDO India LLP has extensive experience in conducting Forensic Audits, BDO India was appointed by Punjab National Bank ("PNB") and ICICI Bank and has successfully completed the Forensic Audit involving the alleged fraud committed by Nirav Modi Group of Companies and Gitanjali Group of Companies, respectively. Presently, we are conducting Forensic Audits for over 50 suspected shell companies (Including real state infra company) for National Stock Exchange of India Limited and BSE Limited. We are also providing forensic audit services to PSU banks and performing forensic audits of infrastructure / real estate company. In respect to Forensic Audit services to Government agencies, we are providing Forensic Audit services to PSU owned and operated by the Government of India and Government agencies in charge of monitoring the tax collection. Also, BDO India is empanelled as Forensic Auditor with Indian Banking Association ("IBA") for forensic Audit services. We are also empanelled as Forensic Auditors with some of the largest public-sector banks in India, viz., Punjab National	Applicant need not to be a registered Chartered Accountancy firm. Please refer to Corrigendum

		Bank, South Indian Bank, State Bank of India, and ICICI Bank, and Central Bank of Sri Lanka. Kindly confirm, if based on the above experience BDO India LLP is eligible for empanelment of Forensic Auditors for UP-RERA.	
16	3.1 Point # 11 of Scope of services : Procure and review audit related documents such as: ...	We would request to clarify the word "Audit" in this point # 11 as there are different types of audits like Forensic Audit or Statutory Audit or Internal Audit.	Please refer to Corrigendum
17	3.1 Point # 11 of Scope of services : Procure and review audit related documents such as: ...	In case it is Statutory Audit, what kind of review is expected out of empaneled Forensic Auditor? Forensic auditors do not comment on the financial statements prepared by other CA firms and the target's compliance with accounting and assurance standards. Also, review of audit statement is not required in normal course of forensic review / fund tracing of real estate projects.	Please refer to Corrigendum
18	3.2 - Payment schedule, deliverables and timelines. The cost of the audit will be borne by the promoter	As the cost of the Audit will be borne by the Promoter, there could be delays in payment and chances of conflict of interest of Forensic auditor as the payment is depended on the promoter and not the UP RERA department. All Banks and Financial Institutions pay the fees to the auditors directly and take the amount of fees from the promoters. By this method, chances of conflict of interest and delay	Please refer to Corrigendum

		tactics of promoters is reduced as the authority controls and monitors the payments. We request that the fees be paid by the UP RERA instead of Promoter to forensic auditors.	
19	4.1.b - The Applicant firm must be a practicing Chartered Accountant firm having at least fifteen (15) years of experience in providing Audit services in India to Government organizations/agencies	<p>Please clarify if Audit here means Forensic Audit or Statutory Audit.</p> <p>Our suggestion is that the experience should be forensic audit as the requirement is for Forensic Audit in the scope and procedures.</p> <p>KPMG India does not perform statutory audit of companies. KPMG India performs advisory / assurance related work and has been providing internal audit and forensic related services to Government organisations / agencies having more than the required years of experience as mentioned in RFP.</p> <p>Due to non-disclosure agreements signed with these organisations / agencies, we are unable to share their names.</p> <p>In our earlier submissions to other government agencies, we have not shared the name of clients.</p>	Please refer to Corrigendum
20	4.1.c. - The Applicant firm must be a practicing Chartered Accountant firm having at least ten (10) years of experience in auditing Infrastructure / real estate projects	<p>Please clarify if Audit here means Forensic Audit or Statutory Audit.</p> <p>Our suggestion is that the experience should be forensic audit as the requirement is for Forensic Audit in the scope and procedures.</p> <p>KPMG India performs advisory / assurance related work and has been providing internal audit services to Government organisations / agencies having more than the required years of experience as mentioned in RFP.</p>	Please refer to Corrigendum

21	4.1.d - The Applicant must have a minimum annual turnover of INR 25 crore during each of the last three (3) years ending on 31st March, 2018. The same shall be demonstrated by submitting audited financial statements for the last three (3) years	We presume the turnover is from single legal entity and not a group turnover. Against this fact, we would request the Department to modify the clause as: "The Applicant must have a minimum annual average turnover of INR 100 crores during the last three (3) years ending on 31st March, 2018 from India operations of a single bidding entity" The same shall be demonstrated by submitting audited financial statements for the last three (3) years Accordingly, the Financial Capability criteria # 1 to be updated on Page 10.	No change in the RFP
22	4.2 - Evaluation Criteria - Experience in Forensic Audit of companies having balance sheet of size more than 100 crores Maximum Score :20	Minimum score of 60 marks can be scored without even having any experience or credentials of Forensic audit. We would request the Authorities to make the Forensic experience as mandatory for firm to respond. Accordingly, the scoring criteria can be changed.	Please refer to Corrigendum
23	Scope of Services - Point # 18 of Scope of services : 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...	§ This is not scope of Forensic Auditor. § Does it imply disposal of individual flats or entire project?	No change in the RFP
24	New Clause	Request you to add the following clause "Any product of services shall be for the internal use of the Client and shall not be disclosed to any third party without prior written consent of Selected Bidder. Client shall reimburse and hold harmless the selected Bidder for any liability or damages suffered by the selected Bidder as a result of unauthorized disclosure/use of the product of the services. Client shall not quote the selected Bidder name or reproduce the selected Bidder's logo in any form or medium without the selected Bidder's prior written consent"	Please refer to Corrigendum

25	2.6 of Data Sheet - Financial Bid to be submitted together with Technical Bid- Yes	As per our understanding RERA will ask the empaneled Auditors to submit quote to conduct the Forensic Audit of the real estate project as and when directed to do so by the Authority. Therefore, only Technical will be submitted?	Please refer to Corrigendum
26	4.1.b - The Applicant firm must be a practicing Chartered Accountant firm having at least fifteen (15) years of experience in providing Audit services in India to Government organizations/agencies	Will Government organizations/agencies includes - Departments/ Semi Government or Autonomous Bodies/ PSUs/ Development Authorities?	yes
27	4.1.f - The Applicant firm should have completed at least ten (10) Auditing projects for Government organizations/ agencies (Departments/ Semi Government or Autonomous Bodies/ PSUs/ Development Authorities) in the areas of Audit, with five (5) of them related to Audit of infrastructure / real estate Projects.	Audit of Infrastructure / Real estate companies having multiple projects will be considered as one audit project or multiple projects?	It would be considered separate Project if it is under the separate work order.
28	4.2.5 and 4.2.6 - Approach & Methodology: Applicant's capability, understanding, approach, proposed solutions, appreciation of requirements, and suggestions on Proposed Approach and Methodology	Approach Methodology and Understanding of the project to be submitted along with Evaluation criteria or it is required to be submitted at the time of presentation before the authority?	Should be submitted in technical bid response
29	5th Para - The (project) experiences that would be claimed by the Applicant against any criteria both for eligibility as well as for evaluation must have been executed as the primary/ lead Auditor by the Applicant's legal entity submitting the bid for this RFP. Extension work orders on an existing project will not be counted as separate projects. All experiences should be from India.	in cases were a CA firm is appointed as an auditor for more than 1 year and separate reports are submitted for each year of assignment completed, should it be considered as single assignment or multiple assignments?	It would be considered separate assignment if it is under the separate work order.
30	7.4 Team Composition and Task Assignments	Team composition and Task assignment should be specific to team members having Forensic audit experience or it should include Infrastructure / Real estate sector experienced team members?	Applicant should propose their team as they deem fit for the assignment
31	Test of Responsiveness - The selected Applicant shall furnish a Performance Guarantee at the time of contract signing amounting to INR 5,00,000 (Five lakh only) in form of Bank Guarantee (BG), which should be valid for 36 months. The BG shall be returned or extended after the expiry of the project period (36 months) as the	Is EMD submitted at the time of application is Bank Guarantee itself? If no, then what is the time period within which Bank Guarantee needs to be submitted	EMD is not the bank guarantee. It will be released once the RFP process has been completed.

	case may be. The BG can be from any Nationalized or Scheduled Bank.		
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CORRIGENDUM - 1

Request for Proposal (RFP) for Empanelment of Forensic Auditors for UP-RERA

S.No.	Original RFP Clause	Revised RFP Clause
1.	<p>Section 1. General Information</p> <ul style="list-style-type: none"> ● Last date of submission of proposals: 1500hrs on 22-January-2019 	<p>Section 1. General Information</p> <ul style="list-style-type: none"> ● Last date of submission of proposals: 1500hrs on 05-February-2019
2.	<p>Section 2. Data Sheet > 6. Financial Bid to be submitted together with Technical Bid : Yes</p>	<p>Section 2. Data Sheet > 6. Financial Bid to be submitted together with Technical Bid : No</p>
3.	<p>Section 3.1 > 11. Procure and review audit related documents such as:</p>	<p>Section 3.1 > 11. Procure and review internal audit related documents such as:</p>
4.	<p>Section 4.1 Eligibility criteria ></p> <p>b) The Applicant firm must be a practicing Chartered Accountant firm having at least fifteen (15) years of experience in providing Audit services in India to Government organizations/agencies</p> <p>c) The Applicant firm must be a practicing Chartered Accountant firm having at least ten (10) years of experience in auditing Infrastructure / real estate projects</p>	<p>Section 4.1 Eligibility criteria ></p> <p>b) The Applicant must be a practicing chartered accountant firm or company engaged in Forensic review having at least fifteen (15) years of experience in providing Audit services in India to Government departments and/or organizations</p> <p>c) The Applicant must be a practicing chartered accountant firm or company engaged in Forensic review having at least ten (10) years of experience in auditing Infrastructure / real estate projects</p>
5.	<p>Section 4.2 Evaluation criteria > Criteria 2</p> <p>Experience of audit or similar assignments of companies in real estate sector (projects) of balance sheet size of Rs.100 crore or more</p> <ul style="list-style-type: none"> ▪ 4 marks per assignment will be given for companies of the balance sheet size Rs.100 –500 crore ▪ 10 marks per assignment will be given for companies of the balance sheet size Rs.500 –1000 crore ▪ If the bidder has attained maximum permissible 20 marks, the additional assignments will not be taken into account. 	<p>Section 4.2 Evaluation criteria > Criteria 2</p> <p>Experience of audit or similar assignments of companies in real estate sector (projects) of balance sheet size of Rs.100 crore or more</p> <ul style="list-style-type: none"> ▪ 4 marks per assignment will be given for companies of the balance sheet size Rs.100 –500 crore ▪ 10 marks per assignment will be given for companies of the balance sheet size Rs.500 –1000 crore ▪ If the bidder has attained maximum permissible 20 marks, the additional assignments will not be taken into account. <p>[Description of assignments including client name, job title, scope of services, date of assignment award and</p>

	<p>[Description of assignments including client name, job title, scope of services, date of assignment award and completion, deal size and other key details. Documentary evidence should be duly submitted]</p>	<p>completion, deal size and other key details. Applicant needs to submit a certificate from the client acknowledging the audit done and the size of the balance sheet of the client. Documentary evidence should be duly submitted]</p>
6.	<p>Section 4.2 Evaluation criteria > Criteria 3 Number of Audit assignments undertaken in infrastructure / real estate sector</p> <ul style="list-style-type: none"> ▪ Full marks for 10 assignments ▪ Relative markings if the number of assignments is less than 10. <p>[Description of assignments including client name, job title, scope of services, date of assignment award and completion, deal size and other key details. Documentary evidence should be duly submitted]</p> <p>Max Marks: 30</p>	<p>Section 4.2 Evaluation criteria > Criteria 3 Number of Audit assignments undertaken in infrastructure / real estate sector</p> <ul style="list-style-type: none"> ▪ Full marks for 10 assignments ▪ Relative markings if the number of assignments is less than 10. <p>[Description of assignments including client name, job title, scope of services, date of assignment award and completion, deal size and other key details. Documentary evidence should be duly submitted]</p> <p>Max Marks: 20</p>
7.	<p>Section 4.2 Evaluation criteria > Criteria 4 Experience in Forensic Audit of companies having balance sheet of size more than 100 crores</p> <ul style="list-style-type: none"> ▪ 2 marks per assignment will be given for forensic audit of companies of the balance sheet size Rs.100 –200 crore ▪ 4 marks per assignment will be given for forensic audit of companies of the balance sheet size Rs.200 –500 crore ▪ If the bidder has attained maximum permissible 30 marks, the additional assignments will not be taken into account. <p>Max Marks: 20</p>	<p>Section 4.2 Evaluation criteria > Criteria 4 Experience in Forensic Audit of companies having balance sheet of size more than 100 crores</p> <ul style="list-style-type: none"> ▪ 3 marks per assignment will be given for forensic audit of companies of the balance sheet size Rs.100 – 200 crore ▪ 5 marks per assignment will be given for forensic audit of companies of the balance sheet size Rs.200 – 500 crore ▪ If the bidder has attained maximum permissible 30 marks, the additional assignments will not be taken into account. <p>Max Marks: 30</p> <p>[Description of assignments including client name, job title, scope of services, date of assignment award and completion, deal size and other key details. Applicant needs to submit a certificate from the client acknowledging the audit done and the size of the balance sheet of the client. Documentary evidence should be duly submitted]</p>
8.	<p>3. Obligations of the Auditor > 3.3 Documents prepared by the Auditor to be the property of the Client. All deliverables in the form of data, software, designs, utilities, tools, models, systems and other methodologies and know-how (“Materials”) that Auditor own in performing the Services shall remain with Auditor. Notwithstanding the delivery of any Services, Auditor retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers that Auditor compile and retain in connection with the Services (but not Client Information reflected in them).</p>	<p>3. Obligations of the Auditor > 3.3 Documents prepared by the Auditor to be the property of the Client. All deliverables in the form of data, software, designs, utilities, tools, models, systems and other methodologies and know-how (“Materials”) that Auditor own in performing the Services shall remain with Auditor. Notwithstanding the delivery of any Services, Auditor retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers that Auditor compile and retain in connection with the Services.</p> <p>Auditor has to provide the undertaking duly signed that it agrees to hold in strict confidentiality of all information and documents received from the Client and will (a) refrain from disclosing any information to any</p>

		person or firm, other than their respective employees and agents having a need to know (b) refrain from using any information, directly or indirectly, for its own benefit or the benefit of any of its affiliates.
9.	<p>3.2 Payment schedule, deliverables and timelines</p> <p>Selected empanelled auditor will be asked to conduct the Forensic Audit/ Audit. The cost of the audit will be borne by the promoter. The payment schedule will be as follows:</p>	<p>3.2 Payment schedule, deliverables and timelines</p> <p>Selected empanelled auditor will be asked to conduct the Forensic Audit/ Audit. The cost of the audit will be paid by UP-RERA. The payment schedule will be as follows:</p>