

**विषय/Sub: Appointment of Chartered Accountant Firm as an Expert for carrying out Risk Based Internal Audit assignment including review of Internal Financial Controls for the Financial Year 2024-25.**

सेवा में,

महोदय/Sir,

HUDCO intends to appoint Chartered Accountant Firm as an Expert for carrying out Risk Based Internal Audit assignment including review of Internal Financial Controls for the Financial Year 2024-25 as per the terms & conditions mentioned below.

**1. Minimum Technical Criteria:**

a) The CA Firm should be a Partnership/Limited Liability Partnership (LLP) registered with the Institute of Chartered Accountants of India (ICAI) and should have minimum Five Years Standing. (To be verified from the Certificate of Registration issued by ICAI).

b) The bidder to produce PAN and GST Registration Certificate, MSME certificate (if applicable along with the TREDIS registration Certificate if not available, CA Firm should comply with it before the contract is awarded).

c) The CA Firm should have carried out Internal Audit assignment/Statutory Audit in Branch Office/Head Office of at least two Public Sector Undertakings/ Public Sector Banks/Public Financial Institutions/Public Sector NBFCs in the last five Financial Years. (Assignment as stock Audit not to be considered).

d) CA Firm should have minimum three number of partners, minimum five numbers of paid assistants (qualified CA/CMA/ semi qualified CA/CMA-Inter).

e) CA Firm should have local office having minimum five working staff (including one partner and qualified CA).

f) CA Firms presently appointed as consultant in the Ranchi Regional Office is not eligible for appointment.

g) CA Firm to give an undertaking:

i) that none of the partners has any relation with any employee of HUDCO and also none of them has any relationship within the meaning of Section 2(76) of the Companies Act, 2013 and also that none of them has any relationship with the Statutory Auditors or such related work of the HUDCO which will have conflict of interest with the current assignment and also declare the compliance under section 184 and 188 of the Companies Act, 2013.

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- ii) Certified that we have not been appointed for carrying out certification/consultancy or such related work of the same Regional Office/HSMI which will have conflict of interest with the current assignment.
- iii) There has not been any disciplinary action initiated by ICAI or any regulatory authority against the firm during last five years. As on date, the disciplinary action should have been disposed off.
- iv) The Firm has not been banned, delisted or debarred from business by any Regulatory Body/Statutory Body/PSU/Govt. Department or any other Institution.

**While evaluating the Technical Bid. CA Firm's capability to perform the assignment would be assessed and inspection of their office would be carried out so as to establish the fact that the CA Firm has proper local office at Ranchi, Jharkhand with adequate staff.**

2. The Audit team will consist minimum of one Chartered Accountant and one paid assistant (qualified (CA/CMA)/semi qualified (CA/CMA-inter)) headed by partner of the CA Firm.
3. CA firm is required to undertake 100% verification of all the activities prescribed in the scope of work. The scope of work should broadly cover the points as given in Annexure-1.
4. In terms of GFR rule 170(iii), Bidders are not required to pay **Bid Security** i.e. **Earnest Money Deposit (EMD)**, instead **Bid Security Declaration** in the prescribed format (**Annexure-A**) is required to be submitted.
5. The NIT shall be uploaded on the HUDCO's Website ([www.hudco.org.in](http://www.hudco.org.in)) and quotations shall be invited by uploading the NIT on GeM (Government e-Marketplace) Portal ([www.gem.gov.in](http://www.gem.gov.in)). The selection of CA Firms to be carried out after following the two bid system i.e. Technical bid should be uploaded along with the signature of authorized signatory on each page and financial bid should be uploaded separately along with the signature of authorized signatory. Both bids should be submitted before the specified date and time. Financial bids of only those bidders to be opened who have qualified the technical criteria prescribed in the tender.
6. The Firm may be engaged initially for a period of one year for internal audit for 2024-25 (01/04/2024 to 31/03/2025). However, the appointment may be renewed on yearly basis based on the satisfactory performance for a further period of two years on same terms & conditions including fees with slight modification in the scope of work as per requirement with the approval of HO.
7. Copy of ICAI Registration Certificate, PAN Card, Local Address Proof, GST Registration Certificate and MSME Certification (if applicable along with the TREDIS registration Certificate-If not available, CA firm should comply with it before the contract is awarded) may be submitted along with the Technical Bid.
8. The fees of CA Firm (excluding GST) should not exceed Rs. 100,000/-(One Lakh Only) for the Financial Year.



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9. The payment of fees shall be made to the firm on completion of assignment as per the Scope of Work as under:

- On submission of report of First quarter- 15%
- On submission of report of Second quarter- 20%
- On submission of report of Third quarter- 20%
- On submission of report of Fourth quarter- 25%

Balance 20% shall be released after audit of annual accounts by Statutory Auditors and issuance of Tax Audit Report.

10. The CA Firm is expected to submit the Audit Report in the prescribed format to be issued by seventh of succeeding month from the end of the quarter.

11. Certificate is required to be submitted by the CA Firm (duly authenticated by Regional Chief, Ranchi Regional Office) confirming that the audit has been carried out as per scope of work/checklist and audit reports have been prepared after discussion with the Regional Chief.

12. CA firm shall not disclose to any person the confidential information relating to the assignment or HUDCO's business or operations without prior permission of Head Internal Audit Department, Head Office, New Delhi.

13. In case of any dispute between HUDCO and the CA Firm regarding the present assignment given to the CA Firm at Ranchi regional office, the decision of CMD, HUDCO shall be final and binding on all the parties.

14. The quotation is invited for the whole assignment as per the scope of work in brief enclosed and no part assignment shall be considered.

15. Internal Audit Department, Head Office has the right to replace CA firms if it is found that the reporting/certification are not of required standard.

16. The Risk Based Internal Audit is to be conducted with the highest standard of professional, ethical competence and integrity.

17. HUDCO shall have the right to terminate the contract forth with by giving notice of 30 days at the address mentioned here in on failure to provide satisfactory service. The decision of HUDCO regarding dissatisfaction of services/delay/damages caused by CA firm shall be final. Further, in such an event, HUDCO shall have the right to forfeit the compensation for the contract and also recover damages without any further notice to CA Firm.

Accordingly, it is requested to kindly quote the fees for **carrying out Risk Based Internal Audit assignment including review and updation of Internal Financial Controls for the Financial Year 2024-25 as has been clarified at Point No.5 above on or before 05/11/2024 by 15:00 Hrs. The quotation will be opened at 16:00 Hrs on the same day.**

Regional Chief, HUDCO, RO Ranchi reserves the right to award the work in full or part of it to the

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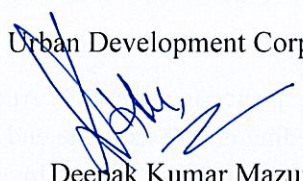
successful bidder and also reserves the right to accept / reject any proposal without assigning any reason and no claims whatsoever on this matter will be entertained. The decision of Regional Chief shall be binding and final.

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संलग्न: यथोपरी

Yours sincerely,

For Housing & Urban Development Corporation Ltd.



Deepak Kumar Mazumdar

Deputy General Manager (Finance)

## PART-I

## 1. RISK BASED INTERNAL AUDIT TO BE CARRIED OUT ON QUARTERLY BASIS

**A. Lending Operations****Sanction and Disbursements**

- (a) Verify that Loan is sanctioned after receiving proper application, and due process of sanction is followed at RO and HO.
- (b) Verify that all statutory and regulatory compliances applicable to HUDCO as per the laid down policy have been undertaken, concerning with the loan sanctioned.
- (c) Verify that applicable charges and rate of interest is charged as per the guidelines and financing pattern, and the same are recovered during the course of repayment period or prior as per the applicability.
- (d) Verify that GST was correctly charged, as applicable, on various charges collected from borrower.
- (e) Verify that all legal documents are executed at the time of sanction.
- (f) Verify that releases are done after verifying the compliance of sanction conditions, obtaining financial & physical progress reports, site inspection reports, utilization certificates etc, as applicable, and ensuring that due process of release is followed as per the laid down procedure.
- (g) Verify that, waiver of loan documentation condition, Corporate Debt Restructuring/ Deferment/ Re-scheduling etc was done after obtaining the approval of Competent Authority.
- (h) Verify the calculation of demand dues of principal, interest & penal charges computed for the agencies, and also verify that the same was communicated timely and confirmation of balances were obtained at periodic intervals regularly.
- (i) Verify that valuation report of security was received timely from the borrowers and required steps including top up of security were taken timely in case of deterioration in value of security. Further, in case top up is not done, than necessary provision for unsecured/differential amount is done.
- (j) Verify that comprehensive implementation of, deferment/ amendment/ waiver in the loan card/ loan ledger, with respect to OTS/ DRP/ Decree of DRT/ DRAT/ CDR/ , and reschedulement/ Curtailment of loan, was done as per amendment letter issued by RO in IGL and LMS module.
- (k) Verify that the ECL provisioning is done as per norms of HUDCO.
- (l) Verify that default/ NPA cases are being reviewed and followed up regularly by Default wing.
- (m) Verify that calculation for OTS has been done correctly as per the guideline and OTS was done only after obtaining the final approval of the Board.
- (n) Verify the data extracted from the General Ledger module matches with the project loan accounting module at the end of each quarter and ensure that the calculation of interest income and interest accrued is correct.
- (o) Verify that income accrued on NPA accounts is excluded from total income and income on NPA accounts is booked on actual/ realization basis.
- (p) Verify compliance in respect of Fair Practices Code, Most Important Terms & Conditions, Grievance Redressal Mechanism.

**B. Cash and Bank**

- a) Review all payments and receipts, if applicable.
- b) Review the accounts if any and its monitoring along with reconciliations wherever applicable.

**C. Assets**

- a) Review the record of assets at purchase and writing off, as per approval of the competent authority. Review that records are maintained and implemented in books as per policy.
- b) Review all advances, overdues, their recovery, and long pending entries.

**D. Fixed Assets**

- a) All purchases are as per regulatory directions (GFR rules 2017) and as per laid down policies, with safeguarding of assets (timely renewal of insurance) and real time record maintenance.
- b) Review of fixed assets (tangible and intangible) along with their capitalization on correct time/date, depreciation/amortization of assets and their disposal, lease rental against the leasehold properties, is as per policy and companies act 2013, wherever applicable.
- c) Review that the record register is maintained appropriately.

**E. Liabilities**

- a) Examine/review the necessary documents for timely payment by HO including MSME payments as per policy.

- b) Verify that documents for payments are forwarded to HO in accordance with the rules and orders governing them and wherever applicable, the arithmetical calculations are correct.
- c) Final claims of employees accompanied with supporting documents are correctly paid by HO and over payment, if any, are dealt promptly to regularize the same. Recoveries/deductions wherever necessary are made from the bills and properly disclosed to HO.
- d) Verification of supporting documents of administration expenditure bills, staff advances, Festival Advances, Vehicle Advance, bills and other payments, sent to HO are checked and physical progress is ascertained, wherever required.

**F. Borrowings**

- a) The public deposit scheme is scheduled to be closed in FY 2024-25. Thereby deposits are existing only in Kolkata, Mumbai and NCR offices.
- b) Verify the maturity of deposit as per HUDCO policy and filing of returns, if required.

**G. Income**

Review that details of all sources of income (rental income, fees an commission income, sale of services, other income) have been sent to HO as per laid down policy and agreements executed.

**H. Expenses**

- a) Asses that the CSR policy is followed for sanction of the project and agreement is executed. Thereby, the fund disbursal proposal is sent to HO as per policy and compliance of sanction conditions.
- b) Review that all contracts for repairs & maintenance, legal and professional fees (Independently of HUDCO and other incurred on behalf of borrower), advertisement, publicity & sponsorship, are awarded as per latest regulatory directions (GFR rules 2017) and as per laid down policies, to eligible agencies and proposal for payment was sent to HO as per the job order and compliance of contract agreement along with certifications wherever required.
- c) Review that the due procedure was laid and followed and wherever required empanelment for services was done. Also review that the budget expenditure was framed timely and actual expenditure was done accordingly and as per approval of the competent authority.

**I. Statutory Compliances**

- a) Ensure compliances with respect to notices received for Income Tax Act'1961, GST Act '2017 etc.
- b) Verification of Quarterly/Half yearly/Annual Certificates if required by HO, to be submitted as per prescribed formats.

**J. Payroll**

- a) Review that all relevant supporting documents pertaining to TA/DA, loans and advances, other employee benefits, ets are sent to HO as per the latest policies.

**K. Human Resources**

- a) Review the compliance and updation of records as per HUDCO policy for employee separation, employee transfer, employee training, empanelment of hospitals/health centers and medical reimbursements. Ensure the supportings wherever required.

**L. Information Technology**

Review of administration and monitoring of information systems, data protection, physical security, business continuity, disaster recovery plan.

**M. Legal**

Review that panel of advocates is maintained as per eligibility criteria and assignments are allotted to them only. Performance of empanelled advocates is evaluated annually and incapable advocates are delisted.

**N. Risk Management**

- a) Ensure compliance as per the risk management framework/methodologies and risk mitigation measures are taken as per policy wherever required.
- b) Periodic risk categorization, risk rating etc, as per policy is done and forwarded to HO.

**O. Fraud Monitoring**

Review the timely monitoring and submission of returns of frauds, FIR registration, etc as per policy and regulatory requirements.

PART-II

**INTERNAL FINANCIAL CONTROLS**

- (a) To update the internal control flow charts as per newly implemented ERP system.
- (b) To issue quarterly report on Internal Control deficiencies identified during the quarterly audit and suggest corrective measures.
- (c) CA firm to independently review and appraise the system of control throughout the year as per risk control matrices, mitigation plan prescribed in the various activities and recommend improvement to internal control. Facilitate in following good practice in managing risks efficiently.
- (d) Review of Test of Designs including addition/updation/modification of flow charts on annual basis.
- (e) Comment on the adequacy and effectiveness of Internal Financial Controls on quarterly basis.
- (f) Compliance of advisories issued by Internal Audit Wing from time to time.
- (g) To give necessary guidance in response to statutory/government auditors' queries in regard to Internal Financial Controls and suggesting corrective action on the part of HUDCO.
- (h) Any other activity review/reporting necessary in connection with Internal financial Control not specified above.

PART-III

**COMPLIANCE OF AUDIT OBSERVATIONS**

- (a) 100% verification of all the activities/checkpoints as mentioned in Part-I and Part-II.
- (b) Compliance status of outstanding observations of previous audit reports and monitoring of prior audit issues along with action taken report in the prescribed format,
- (c) The points mentioned in the scope are indicative in nature. The firm may be requested to look into any other activity as decided by the management during the course of audit.
- (d) To suggest an addition in the areas required to be covered in the Risk Based Internal Audit Plan.

## ANNEXURE- III

**Offer for engagement of Chartered Accountant in HUDCO Regional Office, Ranchi****Technical Bid**

1.	a) Name and address of the Firm & its Main proprietors/partners b) Address of office at Ranchi	:		
2.	Year of establishment	:		
3.	Registration No. (enclose copy of Registration)	:		
4.	Names of Partners	:		
5.	GST registration no. (enclose copy)	:		
6.	PAN No. (enclose copy)	:		
7.	Performance certificate (enclose copies)	:		
8.	List of clients (Attach Separate Sheet)	:	Nature	Period
9.	a) No. of Partners with name (supporting document enclose )	:		
	b) No. of Paid Assistants with name (semi qualified/qualified) (supporting document enclose )	:		
	c) No. of other supporting/employed Staff (supporting document enclose )	:		
10.	Details of experience in internal audit assignment/Statutory Audit in Branch Office/Head Office of at least two Public Sector undertakings / PSU Banks/ PFIs/Public Sector NBFCs/HFCs in last 5 years (Assignment as concurrent auditor and Stock Audit will not be considered) (supporting document enclose )	:	Year	Name of PSU
		:		
11.	An undertaking as specified in point II of Terms and Conditions of Tender mentioned above.	:		

No. of enclosures:

Date:

Signature:

Name of Authorized Person:

Name of CA Firm:

Seal



Annexure-IV

**FINANCIAL BID FOR APPOINTMENT OF CHARTERED ACCOUNTANT FIRM AS AN EXPERT FOR CARRYING OUT RISK BASED INTERNAL AUDIT ASSIGNMENT INCLUDING CERTIFICATION OF MONTHLY TRIAL BALANCE AND REVIEW OF INTERNAL FINANCIAL CONTROLS FOR THE FINANCIAL YEAR 2024-2025**

The submission of fees should be as follows:

DETAILS	YEARLY MAXIMUM CEILING (EXCLUDING GST)	YEARLY FEES QUOTE (EXCLUDING GST)
Fees for CA Firm	Rs.1,00,000/-	

Note:

1. Rates may be quoted excluding GST
2. The fees quoted should be both in figures and words

Signature of Authorized person with seal

Name of the Authorized Person with company seal



On Letter head of the Firm  
FORMAT FOR BID SECURITY DECLARATION

Whereas, I/we \_\_\_\_\_ submitted bid for (name of Bidder) have submitted bid for \_\_\_\_\_ (name of work).

I/we hereby submit following declaration in lieu of Bid Security.

(1) If after the opening of tender, I/we withdraw or modify my/our bid during the period of validity of tender (including extended validity of tender) as specified in the tender document,

Or

(2) If, after the award of work, I/we fail to sign the contract within 7 (seven) days of issuance of award letter,

I/we shall be suspended for one year and shall not be eligible to bid for tenders issued by HUDCO from date of issue of suspension order.

Signed by the Authorized Signatory

A handwritten signature in blue ink, consisting of several overlapping loops and strokes, positioned below the signature line.