

No. HUDCO/DHRO/2024/

Dated:

Sub:- Notice inviting tender for Appointment of Chartered Accountant Firm as an Expert for carrying out Risk Based Internal Audit , review of Internal Financial Controls & Certification of Monthly Accounts for the Financial Year 2024-2025

(To be applied through GEM portal only)

Dear Sir,

Housing & Urban Development Corporation Limited (HUDCO) is a Government of India Enterprise under the administrative control of Ministry of Housing & Urban Affairs (MoHUA).

Lucknow Regional Office, HUDCO would like 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 specifications and criteria described/detailed below. In case, you are interested, please submit your quotation/offer for the services listed below **by 10-10-24**. You may please also note the following general terms and conditions applicable in regard to submission of quotation/offer for award of contract/empanelment by HUDCO :-

Scope of Work:-

The scope of work should broadly cover the points as given in Annexure – II

Selection Procedure:-

The appointment of CA firm shall be done by following procedure:-

1. Firms shall be first short listed on the basis of Technical Bid.
2. After short listing of firms on the basis of Technical Bid, Financial Bid shall be considered for the short listed firms.

Terms and conditions:-

1. The services would be provided to Lucknow Regional Office, Housing & Urban Development Corporation Limited, (HUDCO), B-1, N.E. Block, II-Floor, PICUP Bhawan, Gomti Nagar, Lucknow-226010 as well as any other location/office falling within the jurisdiction of HUDCO, Lucknow.
2. Quotation should be submitted in two bid system , as per the details given below:-
 - i) First bid i.e. **Technical Bid** as **detailed at point no-3 below** should be submitted along-with requisite details and supporting documents in the prescribed Performa **at Annexure-III** below.
 - ii) Second Bid i.e. **Financial Bid** should contain your minimum rates for the job to be covered as per the scope of work indicated above service. GST/Any other Tax should be clearly the rates quoted should be exclusive of GST/TDS etc. which should be clearly indicated separately **(as detailed in Annexure-IV)**.
 - iii) Financial Bid shall be opened and considered only from those parties who fulfill the Hudco's criteria as specified in the Technical Bid and have adequate experience /staff strength and reputation in handling audit work as specified in the eligibility criteria below. The upper ceiling prescribed by Hudco for audit and certification of different activities as per the

prescribed scope of work shall be as per Point No-9 below. The same should be kept in mind while quoting minimum rates for different activities.

3. The Eligibility Criteria required for consideration for appointment are as under:-

- 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 copy of ICAI registration certificate, 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 one qualified CA);
- f) **CA Firms presently appointed as consultant in the concerned Regional Office are not eligible for appointment at respective Regional Office.**
- 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 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.
 - ii) Certified that we have not been appointed for carrying out certification/consultancy or such related work of the same Regional Office 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 shall be assessed and inspection of their office will be carried out so as to establish the fact that the CA Firm has proper local office with adequate staff.

4. 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.
5. 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 – (II).
6. 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.

7. The Firm may be engaged initially for a period of one year for internal audit for F.Y. 2024-2025 (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 and conditions including fees with slight modification in the scope of work as per requirement with the approval of H.O.
8. 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.
9. The fees of CA Firm (excluding GST) should not exceed Rs 100000/- (Rupees One Lakh Only) for the Financial Year. However, the estimated fees may be assessed by each regional Office which can be lower than Rs.100000 (excluding GST), as per the volume of work/ considering the checklist required to be verified in the respective Regional Office.
10. 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.
11. The CA Firm is expected to submit the Audit Report in the prescribed format, to be issued by seventh of succeeding month of the end of the quarter.
12. Regional Office to take timely action for necessary rectification with a view to keep updated record. However, CA firm may include those observations in their report to Head Office where there is difference of opinion and which remain unattended / pending rectification. Further such observations should be reviewed and their compliance is to be reported in the subsequent Audit Reports until such time these are rectified.
13. Certificate is required to be submitted by the CA Firm (duly authenticated by Regional Chief) 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.
14. 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.
15. In case of any dispute between HUDCO and the CA Firm regarding the present assignment given to the CA Firm at Regional Office, the decision of the CMD, HUDCO shall be final and binding on all the parties.
16. The quotation is invited for the whole assignment as per the scope of work in brief enclosed and no part assignment shall be considered.
17. 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.
18. The Risk Based Internal Audit is to be conducted with the highest standard of professional,

ethical competence and integrity.

19. HUDCO shall have the right to terminate the contract forthwith by giving notice of 30 days at the address mentioned herein 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.
20. The detailed break up of scope of work should be provided to the shortlisted bidder at the time of award of contract after approval by the competent authority.
21. Technical Bid part of the Quotation will be opened on **11-10-2024**. The Financial Bid of short listed firms on the basis of Technical Bid shall be opened on **14-10-2024**.
22. All the disputes will be subject to Lucknow Jurisdiction only. Decision of Regional Head, HUDCO, Lucknow shall be final and binding on both the parties in respect of all matter of dispute arising out of this bid.
23. **All bidders to apply through GEM portal only . No bids in physical form shall be accepted.**

Thanking you.

Yours faithfully
For & on behalf of HUDCO

A.K.Lalwani
Jt.GM(Finance)

On Letter head of the Firm

FORMAT FOR BID SECURITY DECLARATION

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

I/we hereby submit following declaration in lieu of submitted 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

ANNEXURE-III

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

1.	a) Name and address of the Firm & its Main proprietors/partners b) Address of office at Lucknow. (copy of address proof to be enclosed)	:	
2.	Year of establishment	:	
3.	Registration No. (enclose copy of ICAI Registration Certificate)	:	
4.	Names & Details Profile of Partners	:	
5.	GST registration no. (Enclose copy of GSTIN Regn.)	:	
6.	PAN No.(enclosed copy of PAN card)	:	
7.	Audit Assignment carried out (as per Point 3 c of eligibility criteria above) (enclose copies of supporting documents)	:	
8.	List of clients (Attach Separate Sheet)	:	Nature Period
9.	a) No. of Partners (Minimum three)	:	
	b) No. of Paid Assistants {qualified (CA/CMA)/ semi qualified(CA/CMA-inter)}-(minimum five)	:	
	c) No. of other supporting /employed Staff.	:	
10.	Name/list of Partner and working staff available at Local Office (at Lucknow)-(minimum 5 working staff including one partner)	:	
11.	Undertaking as per point No-3(g) of NIT	:	

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 , Review of Internal Financial Controls & Certification of Monthly Accounts of HUDCO Regional Office, Lucknow for the Financial Year 2024-2025

Activities	Professional Charges (Rs.)	GST as applicable	Total Annual Fee (inclusive of GST)
As per Scope of Work at Annexure-I indicated in the NIT			

- Note: 1. The Total Audit/Certification Fee should not exceed the upper limit as prescribed at point no-9 of the tender document and should be in accordance to the estimated tender value of NIT.
2. The fees quoted should be both in figures & words

SCOPE OF WORK IN BRIEF FOR THE FINANCIAL YEAR 2024-25

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 and commission income, sale of services, other income) have been sent to HO as per laid down policy and agreements executed.

H. Expenses

- a) Assess that the CSR policy is followed for sanction of the project and agreement is executed. Thereby, the fund disbursement 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, etc 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.