

Corrigendum-2

This has reference to Request for Proposal (RFP) floated on May 28, 2017 regarding "meeting for Appointment of Independent Review and Forensic Audit Agency (IRFAA) for Technical and Financial Audit of Infrastructure and other works in the state of Punjab"

Following addition/deletion/modification(s) have been made to the RFP uploaded on PMIDC website <http://pmidc.punjab.gov.in/> on May 28, 2017:

S. No.	RFP Reference	As appeared in RFP published on May 28, 2017	Change (Addition/ Deletion/ Modification)	Revised Clause/Para (After Change)
1.	Page 59 , Clause 4	The initial period of technical/financial audit will be one (1) years subject to extension after mutual consent.	Modification	The initial period of Forensic (Technical/Financial) audit will be for one (1) year based on performance and further subject to extension for another 2 years after mutual consent.
2.	Page 63, Clause 10	Period of Appointment: The auditor shall be appointed for a period of three (3) years from the date of signing of agreement and may be further extended for two more years on mutually agreed terms.	Modification	Period of Appointment: The auditor shall be appointed initially for a period of one (1) year from the date of signing of agreement and may be further extended for two more years on based on performance after mutual consent.
3.	Page 59 , Clause 5.1	The role of forensic auditor will be to conduct financial audit of the projects. This would include comprehensive forensic audit, reparation of cash flow statement, requirement of funds at different stages, submission of financial progress reports and comments /observation on the accounting records, system and controls that were examined during the course of audit. Internal Audit shall be limited to overall scrutiny of fund requirements, funds received and major expenses i.e. payment to the contractor and supplier etc. However, overall share of petty expensed in the project shall be reported as percentage of project value.	Modification	The role of Forensic Auditor will be to monitor project aimed at assessing the propriety of funds budgeted, and utilized towards project related expenses. Towards that Forensic Auditor will review the financial records, cash flow statements, financial progress reports and comments/ observations on the accounting records, system and controls. This would include i. Comprehensive forensic audit ii. Review of bid documents (such as B/S, cash flow statements, etc.) submitted by the contractors at the time of their selection; iii. Independent cross verification of these bid documents from the public domain (such as from the website of Ministry of Company Affairs), and other business registries available on the public domain Internal Audit shall be limited to overall scrutiny of fund requirements, funds received and major expenses i.e. payment to the contractor and supplier etc. However, overall share of petty expenses in the project shall be reported as percentage of project value.
4.	Page 59 , Clause 5.2	In conducting the financial audit special attention shall be paid to the following:- • In case of ongoing works the ULBs will not release payment to the Contractor until and unless rectification		In conducting the financial audit special attention shall be paid to the following:- • In case of ongoing works the ULBs will not release payment to the Contractor until and unless rectification of defects pointed out by IRFAA, is carried out by the contractor. The IRFAA shall inform regarding the defects in the works to the

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		of defects pointed out by IRFAA, is carried out by the contractor. The IRFAA shall inform regarding the defects in the works to the client as well as the ULBs. The report of removal of defects shall be submitted by the contractor as well as by the ULBs to the client, only then the further funds of the agency and ULBs shall be released.		client as well as the ULBs. The report of removal of defects shall be submitted by the contractor as well as by the ULBs to the client, only then the further funds to the agency and ULBs shall be released. The following shall also be in the scope of IRFAA <ul style="list-style-type: none"> i. To assess reasons of cost overruns; ii. To review the basis and veracity of estimates to ensure that they are not inflated; iii. To verify that work is performed as per the approved estimates, work orders, Schedule of rates, Utilization Certificates, etc.
5.	Page 59 , Clause 5.3		Addition	Financial versus physical progress <ul style="list-style-type: none"> i. The IRFAA will act as a project monitor to conduct a forensic review financial records, cash flow statements, financial progress reports, Utilization Certificates, etc. ii. The IRFAA will perform physical inspection (including surprise spot checks) at various stages or percentage of completion (POC) of the ongoing works; iii. To assist with verification of sample tests w.r.t IS codes, Government Manuals/ Punjab PWD Specifications, etc.;
6.	Page 59 , Clause 5.4		Addition	Fund flow analysis to assess that the funds were utilized for the purpose for which they were disbursed <ul style="list-style-type: none"> i. Establish the trail of funds from the Punjab Government to ULBs to PWSSBs ii. Verify underlying supporting documents such as invoices, Utilization Certificates, to identify any red flags, or conflict of interest situations, etc.
7.	Page 59 , Clause 5.4		Addition	End-use monitoring <ul style="list-style-type: none"> i. End-use of funds through review of bank statements and books of accounts to identify the actual beneficiaries of funds disbursed ii. Review of underlying supporting documents such as, invoices, request letters, etc. to assess the eligibility, etc
8.	Page 60 , clause 6.5	The IRFAA will check that the project accounts have been prepared in accordance with the accounting principles defined in the applicable accounts code by the and give a true and fair view of the financial position of the project at each quarter ending with resources and expenditures utilized in the	Deletion	The Clause is deleted

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		project		
9.	Page no 61 , clause 7.4	Review and report on financial performance of contractors under the project with respect to commercial terms and conditions, i.e. performance with respect to clauses such as Guarantee/warranty, defects-liability, licenses, bank guarantee, insurance, payment schedule, taxes, dispute resolution mechanisms, etc.	Modification	Review adherence to various contractual obligations of the contractors with respect to commercial/ financial obligations such as bank guarantee, licenses, etc.
10.	Page 62 , Clause 7.7.1	An audit report on the project financial statements/consolidated Financial statement of the ULB / PWSSB/IT should be reviewed in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India:-	Deletion	The Clause is deleted.