



RERA - REAL ESTATE (REGULATION AND DEVELOPMENT) ACT - 2016


 **Bengaluru Branch of SIRC of
The Institute of Chartered Accountants of India** 
(Set up by an Act of Parliament)

80th

‘JNANA DASOHA’
VIRTUAL CPE MEETING

**on Friday,
13th November 2020
Time: 4pm to 6pm**

CPE: 2hrs



Chief Guest:
CA. K.S. Madhava Murthy
Past Chairman of SIRC of ICAI

Topic:
1. Latest Notifications and Circular
by Karnataka RERA in relation to
Professional Certificates
2. Statement of Accounts, RERA
Audit 2020 and preparedness

Speaker: CA. Vinay T

CA. Raveendra S. Kore
Chairman
Bengaluru Branch of SIRC of ICAI

CA. Srinivasa T
Secretary
Bengaluru Branch of SIRC of ICAI

*Note: Bengaluru Branch members
can avail CPE, Maximum 1400
members registration is allowed on
first come first serve basis.*

Prior Registration is compulsory

*Registration link will be sent
through SMS, one day prior to the
event commencing date.
For queries please contact:
Mob: 9606913003*

CPE Credit on attending full programme only

RERA

Presentation by –

CA Vinay Thyagaraj

Partner M/s. Venu & Vinay

Chartered Accountants

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TOPICS - FOR THE SESSION

1. Latest Notifications and circular by K Rera in relation to professional certificates
2. Statement of Accounts, Rera Audit 2020 and preparedness

CONTENT –PROFESSIONAL CERTIFICATES – RERA



1. For RERA Registration Sec 4 and Rule 6
2. Post Registration under RERA – Rule 4(2)©
3. Quarterly Updates under RERA – Sec 11(e) and Rule 15 (D)
4. Project Extension – Sec 6 and Rule 7
5. Modification / Change – Bank, Estimated Cost,
6. Transfer of Project – Sec 15
7. Modification of Sanction Plan – Sec 14
8. Forensic Audit / Special Audits

9. Miscellaneous



CONTENT - RERA AUDIT 2020

1. RERA Audit 2020
2. Requirement of RERA Audit under Act and Rules
3. Contents of RERA Audit 2020
4. Who should certify the RERA Audit
5. Audit of RERA Registered Real Estate Project
6. Due date for RERA Audit 2020
7. Details and documents for RERA Audit 2020
8. How to submit RERA Audit 2020 reports
9. Non-compliance and implication under the Act
10. Practical challenges and possible solutions
11. Best practices, Sample checklist, Statement of Accounts

LATEST NOTIFICATION - KRERA

1. RERA Bank Account Directions, 2020
2. Imposing delay Fee for delayed Submission of Quarterly Update and Annual Audit Statement
3. Procedure to be adopted for processing and incorporating the Modified Plan Sanctions and Layout Plans in the registered project under Section 14 of Real Estate (Regulations and Development) Act, 2016
4. Guidelines For Extension of Registration Process
5. Procedure for transferring or assigning promoter's rights and liabilities to a third party
6. Land Owners having Area/Revenue Share in Real Estate Project to be treated as Promoter (landowner)

RERA BANK ACCOUNT DIRECTIONS, 2020

1. RERA Bank Account Directions, 2020 issued on 7th January 2020 and effective
2. **Discussed and explained various aspects of**
 - a. financial management under RERA
 - b. bank account maintenance,
 - c. guidance to professionals on issuance of professional certificates under RERA
 - d. Formats of professional certificates
 - e. Impact on issuance of wrong or erroneous certificates (warning)



RERA BANK ACCOUNT DIRECTIONS, 2020

The RERA Bank Account opened in accordance with the provisions of section 4(2)(1)(D) of the Act, shall be a '**No Lien Account**' and withdrawal from such separate account shall be in accordance with the provisions of the Act, Rules and Directions issued by the Authority from time to time -

- a. While issuing CA certificates, check the Project Designated Bank Account and features -
 - I. Opened in the state of Karnataka
 - II. Shall be used exclusively for the specific PROEJCT
 - III. Account name contains name of the project
 - IV. Not ESCROW account of Lender
 - V. Not ESCROW account of the Land Owner



RERA BANK ACCOUNT DIRECTIONS, 2020

DEPOSIT INTO ACCOUNT

1. Minimum 70 % of the amount realized from the allottees
2. Other than passthrough and Indirect Taxes – *(check method arrived for calculation of estimated cost of real estate project – incl/excl)*
3. Can be transferred to Fixed deposits linked to same project account without any conditions attached



RERA BANK ACCOUNT DIRECTIONS, 2020

WITHDRAWAL FROM ACCOUNT

The Promoter shall be required to follow the following procedure for every withdrawal from the RERA Bank Account till the project is completed.

1. As per the second proviso to section 4(2)(1)(D) of the Act which provides that the amounts from the RERA Bank Account shall be withdrawn by the promoter after it is certified by an architect, an engineer and **a chartered Accountant in practice**, that the withdrawal is in proportion to the percentage of completion of the project.
 - a. Certificate from the Chartered Accountant in practice **other than the statutory auditors of the Promoter in Template Form-4**, for the cost incurred and paid on construction cost and the land cost.



RERA BANK ACCOUNT DIRECTIONS, 2020 *REPORTING*

In case of a **fixed deposit** being made from the money lying in the RERA Bank Account, the chartered Accountant **shall verify** that there is no lien or charge on such fixed deposit.

The promoter and/or chartered Accountant shall obtain **the No lien/charge Certificate** in respect to such fixed deposit, from the bank **once every three months and submit the same as part of quarterly compliance return.**

The promoter shall **append RERA Bank Account passbook statement copy certified by Chartered Accountant to the Template Form-4 to upload as part of project quarterly return submission.**



RERA BANK ACCOUNT DIRECTIONS, 2020 *WITHDRAWAL FROM ACCOUNT*

On completion of the project, the entire balance amount lying in the RERA Bank Account can be withdrawn by the Promoter **on the basis of submission of necessary certificates and due project completion compliance** s including submission of end quarter data.



RERA BANK ACCOUNT DIRECTIONS, 2020

IMPACT OF WRONG CERTIFICATION

Report issued by the statutory auditors reveals that any certificate issued by the project architect, engineer or the chartered accountant has false or incorrect information and the amounts collected for a particular project have not been utilized for the project and the withdrawal has not been in compliance with the proportion to the percentage of completion of the project, the Authority, in addition to taking penal actions as contemplated in the Act and the Rules, may also take up the matter with the concerned regulatory body of the said professionals of the architect, engineer or chartered accountant, for necessary penal action against them, including cancellation/suspension of registration of membership for practice as such



RERA BANK ACCOUNT DIRECTIONS, 2020

CHANGE OF BANK ACCOUNT

1. Permitted to with prior permission of the Authority
2. Online application and verification and approval process
3. CA shall certificate plays a critical and crucial for Authority to take decision



RERA BANK ACCOUNT DIRECTIONS, 2020 *FORM 4 - CA - WITHDRAWAL OF FUNDS*

1 (i) TOTAL Land Cost

1 (ii) TOTAL Development Cost

2. Total Estimated Cost of the Real Estate Project [1(i) +1(ii)]
of estimated Column.



RERA BANK ACCOUNT DIRECTIONS, 2020 FORM 4 - CA - WITHDRAWAL OF FUNDS

2. Total Estimated Cost of the Real Estate Project [1(i) +1(ii)] of estimated Column.
3. Total Cost Incurred of the Real Estate Project [1(i) + 1(ii)] of Incurred Column.
4. Percentage of completion of construction work **(as per Project Architect's Certificate)**
5. Proportion of the Cost incurred on Land Cost to the Total Estimated Cost.
6. Proportion of the Cost incurred on Construction Cost /to the Total Estimated Cost.
7. Total percentage of completion of construction as per CA (i.e, 3 / 2)
8. Amount which can be withdrawn from Designated Account (Total Estimated Cost as *
Percentage of completion of construction **(lower of 4 & 7)**)
9. Less: Amount withdrawn till date of this certificate as per the Books of Accounts and Bank Statement.
10. Net Amount which can be withdrawn from the Designated Bank Account under this certificate.



RERA BANK ACCOUNT DIRECTIONS, 2020 RECONCILIATION STATEMENT - FORM 4

1. As per statement attached –

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RERA BANK ACCOUNT DIRECTIONS, 2020 FORM 4

• (Additional Information for Projects)

**1. Estimated Balance Cost to Complete the Real Estate Project
(Difference of the Total Estimated Project cost and less Cost incurred)**

**2. Balance amount of receivables from sold apartments as per Annexure A to this certificate
(as certified by Chartered Accountant as verified from the records and books of Accounts)**

**3. (i) Balance Unsold area
(to be certified by Management and to be verified by CA from the records and books of accounts)
(i) Estimated amount of sales proceeds in respect of unsold apartments
(calculated as per ASR multiplied to unsold area as on the date of certificate, to be calculated and certified by CA)
as per Annexure A to this certificate**

4. Estimated receivables of project. Sum of 2 + 3(ii)

5. Amount to be deposited in Designated Account – 70% or 100% IF SI.No 4 is greater than 1, then 70 % of the balance receivables of On-going project will be deposited in designated Account.

IF SI.No 4 is lesser than 1, then 100% of the of the balance receivables of ongoing project will be deposited in designated Account



RERA BANK ACCOUNT DIRECTIONS, 2020- NOTE

1. UDINo is mandatory
2. This certificate shall be in accordance with Sec 4(2)(1)(D) of Real Estate (Regulation and Development) Act, 2016 read with the Karnataka Real Estate (Regulation and Development Rules, 2017
3. If there is no Qualification / Observations – mention NIL
4. If Promoter has deposited money in other than the RERA Designated bank account (refer registration details in www.rera.karnataka.gov.in) report such deviation under Qualification / Observations
5. Please ensure information shall match with the information provided during registration or amended subsequently.
6. Sold included booked apartment / plots

RERA BANK ACCOUNT DIRECTIONS, 2020

4B - BANK ACCOUNT CHANGE

Details	Designated Account of the project (In Rs.) – A	In any other Bank Account of the Promoter related to this project (post RERA registration) (In Rs.) – B	Total Amount Realised from the Allottee C= A+B
100 % money realised from the Allottees (including all the bank accounts)			
70 % of above			
Closing Balance in the Account as on date of this certificate			



RERA -EX3 - EXTENSION - CERTIFICATE FOR FUNDS UTILIZED FOR THE PROJECT

I/ We _____ have **undertaken assignment of certifying the funds utilized** for
_____ [Project Name] bearing Registration Number _____.

The Promoter in compliance with section 4(2)(1)(D), of the Real Estate (Regulation and Development) Act, 2016 has deposited 70% of the amounts received from the allottees of this project in the following account:

Name of the Account Holder:

Designated Account Number:

Bank Name:

IFSC Code:

Branch Name:



RERA -EX3 - EXTENSION - CERTIFICATE FOR FUNDS UTILIZED FOR THE PROJECT

Sl. No	Particulars	INR in Rs.
1	Opening Balance in the Designated Account	
2	Total Amount collected from Allottees	
3	Total Amount invested by Promoter (Own Fund)	
4	Total Borrowings	
5	Total Amount utilized for Project till date	
6	Closing Balance	

I/We_____ certify that out of the funds received Rs._____ Rs._____ has been utilized for construction purposes of the project _____ (Project name) and Rs._____ remains unutilized. *Expenditures incurred for the purpose for which the funds were received is verified with the vouchers produced before me and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.*



RERA -EX4 - EXTENSION - CERTIFICATE FOR FUNDS REQUIRED FOR THE PROJECT

I/ We _____ have undertaken assignment of ***certifying the funds required*** for ***completion*** of _____[Project Name] bearing Registration Number _____

The Promoter in compliance with section 4(2)(1)(D), of the Real Estate (Regulation and Development) Act, 2016 has deposited 70% of the amounts received from the allottees of this project in the following account:

Name of the Account Holder:

Designated Account Number:

Bank Name:

IFSC Code:

Branch Name:

RERA - EX4 -
EXTENSION -
CERTIFICATE
FOR FUNDS
REQUIRED
FOR THE
PROJECT

Sl.No	Particulars	INR in Rs.
1	Opening Balance in the Designated Account	
2	Total Amount collected from allottees	
3	Total Amount invested by Promoter (Own Fund)	
4	Total Amount to be received from allottees	
5	Borrowings:	
	Name of the Lender:	
	Amount Disbursed:	
	Amount pending for disbursement from Lender:	
	Amount to be repaid to lender:	
6	Mortgage Details:	
	Mortgaged to (Name of the Entity/ Institution) :	
	Amount Disbursed:	
	Amount pending for disbursement:	
	Amount to be repaid to lender:	
7	Total Funds required for project completion (cost to go)	
8	Closing Balance	



RERA -EX4 - EXTENSION - CERTIFICATE FOR FUNDS REQUIRED FOR THE PROJECT

***Completion means completion of all development works as defined in section 2(t) of the Real Estate (Regulation and Development) Act, 2016.**

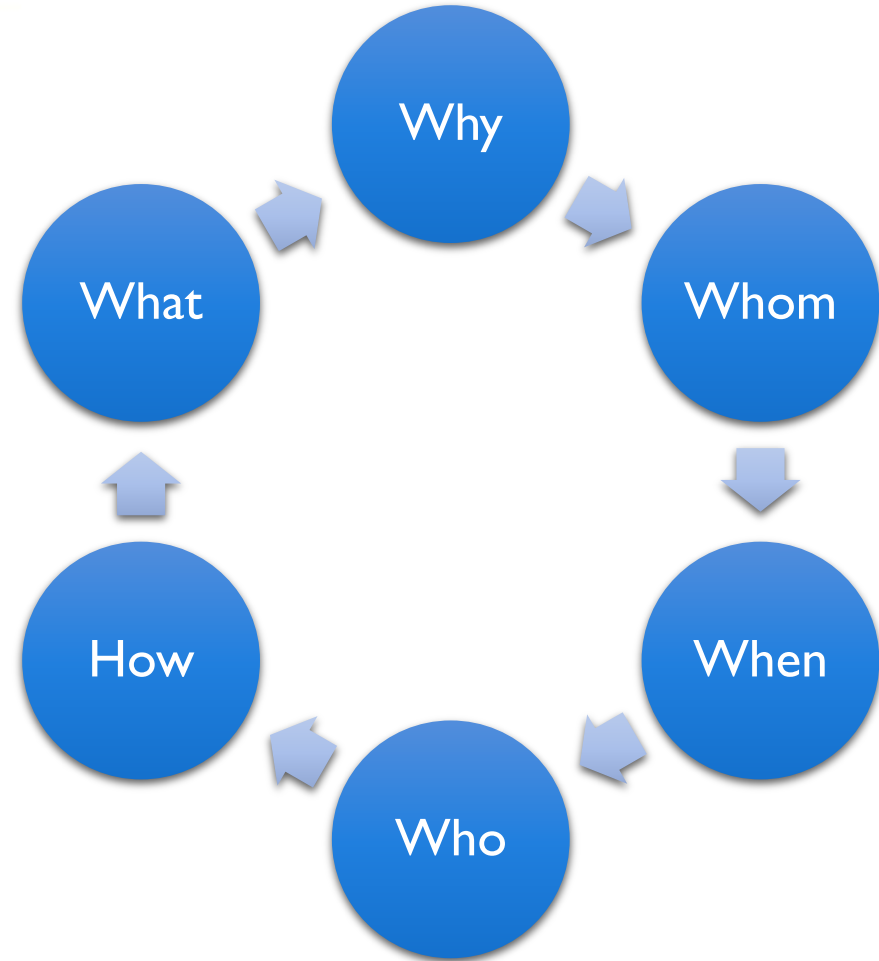
I/We _____ certify that out of the total funds received
Rs. _____ has been utilized for construction purposes of the project
_____ (project name) and Rs. _____ is required to
carry on the completion of work.



RERA AUDIT

W

RERA
AUDIT
2020



WHY – LEGAL MANDATE OF RERA AUDIT

RERA Act 2016

Chapter II

Third Proviso to Sec 4(2)(1)(D)

Chapter III

Sec 11 (1)(f)

RERA State Rules

RERA Authority Regulations / Notifications / Circulars

WHY – LEGAL MANDATE OF RERA AUDIT

Third Proviso to Sec 4(2)(1)(D)

Provided also that the promoter shall get his accounts audited within six months after the end of every financial year by a chartered accountant in practice, and shall produce a statement of accounts duly certified and signed by such chartered accountant and it shall be verified during the audit that the amounts collected for a particular project have been utilised for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project

PROMOTER – SEC 2(ZK) OF RERA ACT 2016 – COMMON QUESTION – IS LANDOWNER ALSO REQUIRED TO COMPLY UNDER THE ACT



(zk) "promoter" means:-

- i. a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees, or
- ii. a person who develops land into a project, whether or not the person also constructs structures on any of the plots, for the purpose of selling to other persons all or some of the plots in the said project, whether with or without structures thereon, or
- iii. any development authority or any other public body in respect of allottees of:-
 - (a) buildings or apartments, as the case may be, constructed by such authority or body on lands owned by them or placed at their disposal by the Government, or
 - (b) Plots owned by such authority or body or placed at their disposal by the Government.

PROMOTER – SEC 2(ZK) OF RERA ACT 2016

For the purpose of selling all or some of the apartments or plots, or

iv. an apex State level co-operative housing finance society and a primary co-operative housing society which constructs apartments or buildings for its Members or in respect of the allottees of such apartments or buildings, or

v. any other person who acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale, or

vi. Such other person who constructs any building or apartment for sale to the general public.

Explanation.—For the purposes of this clause, where the person who constructs or converts a building into apartments or develops a plot for sale and the persons who sells apartments or plots are different persons, **both of them shall be deemed to be the promoters and shall be jointly liable** as such for the functions and responsibilities specified, under this Act or the rules and regulations made there under

WHAT IS TO BE AUDITED – PROVISO 3 TO SEC 4(2)(L)(D)

Accounts to be audited – RERA Registered Real Estate Project

and

Shall be verified during the audit that the amounts collected for a **particular project** have been **utilised for the project** and the **withdrawal** has been in compliance with the **proportion to the percentage of completion of the project**

WHOM – APPLICABILITY OF RERA AUDIT

Applicable to All promoters of Real Estate Projects registered under RERA and not reported as completed under the Act:

Questions – is RERA Audit 2020 applicable if -

1. No money is collected from intending buyers (used own funds / borrowed)
2. Development work has not started – due to any reason
3. Any treshhold limit – like turnover criteria / size of the project
4. Project has stalled /discontinued – NGT / litigation

Exclusions –

1. Projects not coming under the ambit of RERA

WHICH PROJECTS – RERA AUDIT 2020 APPLICABLE



All the Projects which are registered before 1st April 2020 (on or before 31st March 2020) –

1. Project registered before 1st April 2020 and reported as completed as per RERA Act – RERA Audit 2020
 - a. If the completion of Project has been reported during the previous year (i.e, 2019-20)
 - b. If the completion of the project before 31st March 2019 – Applicable for the year 2018-19 and not applicable for current year 2019-20

WHAT IS COMPLETION UNDER RERA

Completion of "Development works" means completion of both external development works and internal development works on immovable property – Sec 2(t)

External development works includes roads and road systems landscaping, water supply, sewerage and drainage systems, electricity supply transformer, sub-station, solid waste management and disposal or any other work which may have to be executed in the periphery of, or outside, a project for its benefit, as may be provided under the local laws sec 2(w)

Internal development works means roads, footpaths, water supply, sewers, drains, parks, tree planting, street lighting, provision for community buildings and for treatment and disposal of sewage and sullage water, solid waste management and disposal, water conservation, energy management, fire protection and fire safety requirements, social infrastructure such as educational health and other public amenities or any other work in a project for its benefit, as per sanctioned plans – Sec 2(zb)

WHAT IS COMPLETION UNDER RERA

Completion under RERA;

1. internal development works +
2. external development works +
3. Sec 11 obligations (CC, OC, including association, transfer of unspent funds, deposits collected, handing over of project documents)
4. Sec 17 obligations (Handover of Common Areas to Association)

WHAT IS COMPLETION UNDER RERA – POOR UNDERSTANDING/ WRONG ADVISES

What is not completion :

Mere receipt of Occupancy Certificate from the planning authority does not amount to completion under RERA unless all development works have been completed.



WHEN – DUE DATE FOR RERA AUDIT 2020

Accounts to be audited within six months after the end of every financial year by a chartered accountant in practice (accordingly 30th September 2020 is the due date):

Has any extension granted due to COVID 19 for RERA Audit 2020 ?

a. Few states specifically have given extension by way of notification till Dec 2020

WHO SHOULD DO THE RERA AUDIT 2020

Chartered Accountant in **practice** shall **audit the accounts AND report** on verification during the audit that the amounts collected for a particular project have been utilised for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project

Questions :-

Who is CA -is it defined in the Act – Yes (refer sec 56 of RERA Act)

Can CA in employment audit / certify – No (as sec clearly provides – in PRACTICE)

Can internal auditor audit / certify – No (ICAI Guidelines)

Can Tax Auditor certify– Yes

Can Statutory Auditor - Yes

Can the Same CA, who issued periodical withdrawal certificates – No (Conflict of Interest and authority has clarified that RERA Audit cannot be done by the same CA)



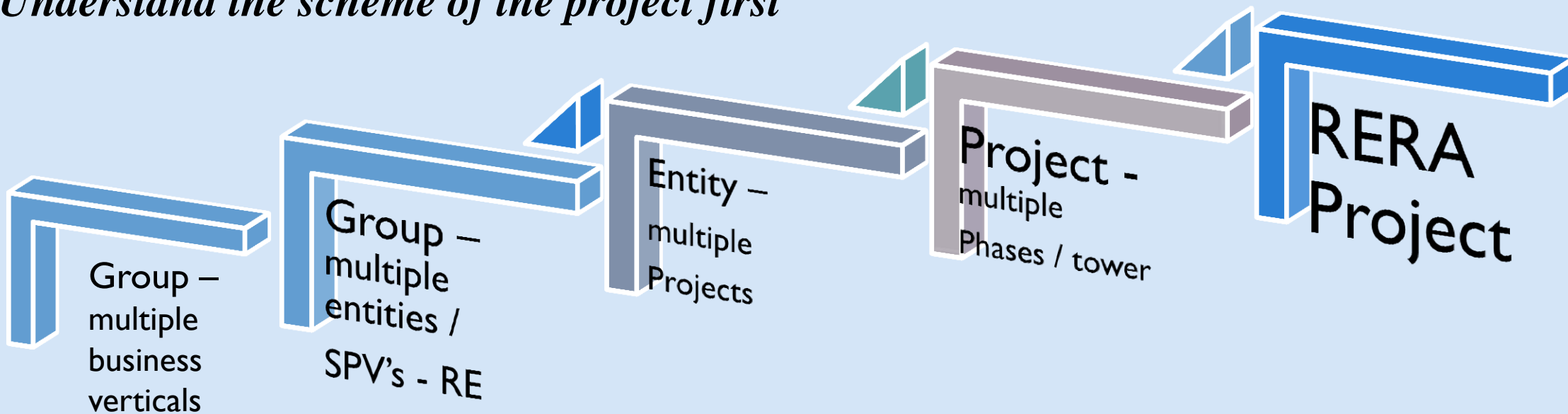
WHERE TO SUBMIT – RERA AUDIT 2020 – STATEMENT OF ACCOUNTS AND REPORT

RERA Act and RERA Rules are silent about method of submission of the Audit Report and Certificates. Powers are vested with the authorities to issue directions in accordance with the Act, Rules and Regulations.

Accordingly authorities have made a provision to upload these reports online / manual submissions – refer Regulations / notifications / orders

PART - 2 - HOW TO START

Understand the scheme of the project first



HOW TO START – RERA AUDIT 2020

Understand the scheme of the project first –one cannot issue the RERA audit certificate in isolation without having understood the project details :-

1. Start with RERA Application and details available therein
2. Understand what is stated in RERA Application about the project
3. Note down financial aspects of project as per RERA Application
4. Ascertain on what basis the financial details are give /declared
5. Estimated Cost of the Project
6. Estimated Cost of Land
7. Estimated Cost of Development
8. Amount collected from Allottees with detailed list -Allottee wise
9. Amount Spent as on date of application
10. Amount remaining with Promoter, if any

HOW TO START – RERA AUDIT 2020

11. Collect details of project bank account as declared in the RERA Application
12. Collect list of bank accounts maintained by Promoter for a project
13. Policy of promoter in managing the finance of a project –
 - a. Master Collection account
 - b. Transfer viz., 30/70
 - c. Lender / JV / JD Escrow account, if any
 - d. Passthrough charges bank account
 - e. GST / taxes bank account if any



HOW TO START – RERA AUDIT 2020

14. Collect professional certificates till 31st March 2020, obtained by the promoter for every withdrawal (refer Sec 4(2)(1)(D) 2nd proviso) – Arch / CA / Eng
15. Withdrawal of such 70 % money from project bank account
16. All Such withdrawals are Supported by Arch / CA / Eng certificates – Within Limits of CA Certificate – examine / prepare the Tracker
17. Verify the total collection register and compare the total withdrawals from the bank account with this Table.

Sr No	Form 4 – CA- Date (withdrawal of funds)	Total cost Incurred	Amount Eligible to withdraw	Amount Withdrawn	Excess withdrawal if any
1	30-06-2019				
2	30-09-2019				
3	31-12-2019				
4	31-03-2020				

HOW TO START – RERA AUDIT 2020

19. If receivables in an **ongoing project (viz., as on 10-07-2017)** are less than the estimated cost of balance construction, then the Promoter shall deposit 100 per cent of the amounts to be realized in the separate account -
- a. Check and ensure this information from application
 - b. Check 100 % collections are deposited (without taking 30 %)
 - c. Eg., funds required to complete the project – 10 Crores
 - d. Receivables as on 10-7-2019 are 8 Crores
 - e. 30 / 70 is not applicable as per proviso to KRERA Rule 4(5) and CA format

RERA AUDIT 2020 - CONSOLIDATE

Consolidate all the information / documents for the period upto 31st March 2020 in an Excel to arrive at conclusion on :-

1. Amounts collected for a particular project have been utilised for the same project
2. Withdrawals have been in proportion to the % of completion of the project

RERA AUDIT 2020 – POINTS TO CONSIDER

Amounts collected for a particular project to be deposited in project bank -

1. From allottees only
2. If project loan / borrowing made, it need not be deposited into PB A/c
3. Reconcile the receipts from various sources
 - a. Books of accounts / collection statement
 - b. Agreements / demand sent
 - c. 26 AS – 1 % deduction made by allottees
 - d. GST filed (difficult as it has been filed Company wise)
 - e. Bank account statements

Amount collected during the year 2019-20 for this project is Rs. _____ and amounts collected till date is Rs. _____ (since inception of the project)

RERA AUDIT 2020 – POINTS TO CONSIDER

Have been utilised for the same project

1. Having drawn money for PB A/c, money has been utilised to make payment to vendors, suppliers, expenses, establishment cost etc.,
2. Intent is not to divert the funds, having collected from allottees

Amount withdrawn during the year 2019-20 for this project is Rs. _____ and amount withdrawn till date is Rs. _____ (since inception)

Collected till date and withdrawn TILL DATE means to review the details since inception of the project -

1. how to rely on the information
2. means a duplication of review
3. Additional work to promoter in case of ongoing project and continuing

RERA AUDIT 2020 – POINTS TO CONSIDER

Questions:- utilisation of funds

1. Repayment of Loan – permitted if loan obtained is for this project and utilised
2. Payment of penalty or fines – no restrictions as such
3. Advance to suppliers – permitted – ensure such materials are supplied
4. GST / Indirect Tax payments – yes if it is collected and deposited into 70 % Account
5. Income Tax payments – NO – it is out of 30 %
6. Refund to clients – Yes to the extent of 70%
7. Payment to associate / related party / sister concern as advance – yes / no

RERA AUDIT 2020 – POINTS TO CONSIDER

Withdrawal has been in compliance with the proportion to the % of completion of the project :-

1. Based on Architect and Engineer Certificate
2. Calculate % based on financial statements / books of accounts
3. Prudence to be followed (which ever is lower) + advance payments towards supply of materials and services can be considered

RERA AUDIT 2020 – REPORTING

Qualification / Non Compliance :-

1. collection from customers are deposited in other than 70 %RERA project Bank Account
2. collection from customers in cash, not at all deposited into bank
3. amount withdrawn in excess of eligible amount
4. Withdrawn amount has not been utilised for the same project
5. Non maintenance of prescribed register / records / documents (like professional certificates)

RERA AUDIT 2020 – CHALLENGES

1. Sufficient Knowledge of Act and Rules –Both promoter and professionals
2. If information filled during registration is erroneous – what stand will you take ?
3. Record / data / expenses maintenance
 1. RERA Project wise
4. Allocation of common expenses RERA project-wise
 1. Basis of allocation
 2. Loan availed and interest apportionment to RERA project-wise – based on completion
5. Reconciliation at various stages and different records
6. Clarity on the statute, being new to all
7. Information from Landlord and compliance thereon under RERA on collection of money from the allottees

RERA AUDIT 2020 – RECOMMENDED DOCUMENTS

1. Accounting records – updated books of accounts
2. Copy of application filed for registration of project under RERA Act
3. Details of calculations considered to arrive at estimated cost of project.
4. All project related documents like land documents, sanctions, clearances, NOC's
5. Amount incurred towards acquisition of land or TDR etc
6. All bank statements of RERA project account and other bank accounts
7. Statement of customers, list of agreement of sales entered, advances received, balance receivables etc
8. Money collected from allottees, 70 % deposit made to RERA project bank account

RERA AUDIT 2020 – RECOMMENDED DOCUMENTS

9. All government fees challahs for all clearances etc
10. All development expenses bills, vouchers, invoices for both onsite and offsite expenditures
11. Advance paid for supply of materials or services vouchers, references etc
12. Certificates from Engineer, Architect and CA for withdrawal of money based on % of completion of construction
13. Project Loan or other loan statements
14. Interest calculation / attribution towards the project.
15. Indirect taxes / GST paid from time to time



RERA AUDIT 2020 – ADVISE

This certificate shall be submitted to authorities and is a public document. It could be made available for viewing on the portal of the regulators in the respective states.

The opinion expressed in this presentation are purely a matter of interpretation and not binding on any regulatory authorities. Therefore, there can be no assurance that the regulatory authorities will not take a position contrary to our opinion/views.



RERA AUDIT 2020 – SA 620

evidence is required for working out the percentage of completion is about the “total estimated project cost” and “the project cost incurred up to a point of time”. **The estimation of the total project costs requires technical expertise which the engineer and the architect possess.** Therefore, the chartered accountant may rely on such estimated total project cost for the purpose of his certification certifying the percentage of completion of the project work. The chartered accountant to this extent is using the work of an Auditor’s expert. If a certificate issued by a chartered accountant is found reporting an incorrect percentage of completion, and if it is found that the error has occurred on account of an incorrect estimate of the total project cost, the chartered accountant receives protection under **SA- 620-Using the Work of an Auditor’s Expert.**

RERA AUDIT 2020 – AS 7

A reference to Accounting Standard -7 (AS-7) may be useful here from where the concept of **“Percentage of Completion”** originates. The relevant part of AS-7 reads:

“The stage of completion of a contract may be determined in a variety of ways. The enterprise uses the method that measures reliably the work performed. Depending on the nature of the contract, the methods may include:

1. the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs; or
2. surveys of work performed; or
3. Completion of a physical proportion of the contract work. Progress payments and advances received from customers may not necessarily reflect the work performed”

RERA AUDIT 2020 – WORKING PAPERS

The chartered accountant should keep on his record the following:

1. a letter of engagement stating the nature of certificate required and the purpose for which it will be used;
2. the relevant particulars, duly certified by the promoter to be true, received from him regarding the land cost and the cost of construction
3. incurred during the period covered by the certificate as also the particulars to show cumulative land cost and the cost of construction
4. incurred up to the date of the certificate;
5. working showing the manner of attribution of expenditure on interest to the project, that it is in accordance with the applicable AS, if any;
6. the certificates issued by the engineer and the architect;
7. a note on assumptions, if any made while issuing certificate with reasons;
8. a note giving reasons why any evidence is accepted or rejected or why any term or expression is given a particular meaning, etc.

RERA AUDIT 2020 – STATEMENT OF ACCOUNTS

Statement of Accounts is neither defined in the Act, Rules nor in Regulation etc. However based on the requirement and intent of the following would be presumed –

1. Cash flow statement – inflow and outflow
 - a. For the year and since inception of the project
2. Statement of money Realization and incurred
3. Statement of Affairs / Balance Sheet as at 31-3-2020 for the PROJECT

RERA AUDIT 2020 -

Checklist / guidance for Chartered Accountants to certify the Statement of Account in accordance with Sec 4(2)(L)(D) of the RERA Act and other important compliances under Provisions of the Act, Rules

Ensure UDINo for the Certificate and Statement of Accounts –

>> under Audit >> RERA >> in UDINo Portal

DEEPAVALI WISHES



Thanks to



**BENGALURU BRANCH OF
SOUTHERN INDIA REGIONAL COUNCIL OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

For any clarifications – write to me:

CA. Vinay Thyagaraj

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Chartered Accountants

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