

Internal Audit Checklist for Real Estate Company

(Sample)

1. REGULATORY COMPLIANCE

1.1 Real Estate (Regulation and Development) Act, 2016 (RERA)

- ☐ RERA registration certificate is valid and up-to-date
- ☐ Project registration details are complete and accurate
- ☐ Quarterly progress reports submitted to RERA on time
- ☐ Carpet area definitions comply with RERA guidelines
- ☐ Advertisement and marketing materials comply with RERA norms
- ☐ Separate escrow account maintained for each project (70% of amounts received)
- ☐ Escrow account usage is only for land cost and construction
- ☐ Defect liability period (5 years) compliance tracked
- ☐ Grievance redressal mechanism is functional
- ☐ RERA website disclosures are updated regularly

1.2 Companies Act, 2013

- ☐ Board meetings held as per statutory requirements
- ☐ Board resolutions properly documented and executed
- ☐ Annual General Meeting conducted within prescribed timelines
- ☐ Statutory registers maintained and updated

- ☐ Related party transactions disclosed and approved
- ☐ Corporate Social Responsibility (CSR) compliance (if applicable)
- ☐ Director declarations and disclosures filed
- ☐ Secretarial audit completed (if applicable)

1.3 Income Tax Act, 1961

- ☐ TDS deducted on property purchases, contractor payments & rent
- ☐ TDS returns filed within due dates
- ☐ Advance tax payments made for ongoing projects
- ☐ Section 80IB/80-IBA deductions claimed correctly (if applicable)
- ☐ Transfer pricing documentation (if applicable)
- ☐ Tax audit compliance for applicable assessments

1.4 Goods and Services Tax (GST)

- ☐ GST registration maintained for all business locations
- ☐ Input tax credit claimed on construction materials and services
- ☐ GST returns filed monthly/quarterly as applicable
- ☐ Reverse charge mechanism applied correctly
- ☐ Composition scheme compliance (if opted)
- ☐ E-way bills generated for goods transportation
- ☐ GST on construction services calculated correctly

1.5 State-Specific Regulations

- ☐ Stamp duty paid on land acquisitions and registrations
- ☐ State Real Estate Regulatory Authority compliance
- ☐ Building plan approvals obtained from local authorities



- ☐ Occupancy certificates received for completed projects
- ☐ Environmental clearances obtained (if required)
- ☐ Water and electricity connections properly documented
- ☐ Labor law compliance for construction activities

2. INVENTORY MANAGEMENT

2.1 Revenue Recognition

- ☐ Revenue recognition policy aligns with Ind AS 115
- ☐ Percentage of completion method applied correctly
- ☐ Revenue recognized matches project completion stages
- ☐ Advance payments from customers properly accounted
- ☐ Cancellation and refund policies documented and followed
- ☐ Interest on delayed payments calculated and recorded

2.2 Inventory Management

- ☐ Land inventory valued at cost or net realizable value
- ☐ Work-in-progress correctly classified and valued
- ☐ Completed inventory aging analysis maintained
- ☐ Slow-moving inventory identified and provided for
- ☐ Physical verification of inventory conducted periodically
- ☐ Construction material inventory properly accounted

2.3 Project Costing

- ☐ Project cost budgets prepared and approved
- ☐ Actual costs tracked against budgets regularly
- ☐ Cost allocation between different projects verified

- ☐ Joint development agreement costs properly allocated
- ☐ Overhead allocation methodology documented and consistent
- ☐ Cost escalation approvals documented

2.4 Cash Flow Management

- ☐ Cash flow projections prepared for each project
- ☐ Escrow account transactions monitored and reconciled
- ☐ Bank reconciliations performed monthly
- ☐ Investment of surplus funds approved by board
- ☐ Working capital requirements assessed regularly
- ☐ Debt service coverage ratios monitored

3. OPERATIONAL CONTROLS

3.1 Land Acquisition

- ☐ Due diligence reports available for all land acquisitions
- ☐ Title verification completed by qualified advocates
- ☐ Encumbrance certificates obtained and verified
- ☐ Survey settlement records checked
- ☐ Development rights confirmed and documented
- ☐ Zoning and land use permissions verified
- ☐ Environmental impact assessments completed (if required)

3.2 Project Development

- ☐ Building plan approvals obtained before construction
- ☐ Architect and contractor agreements properly executed
- ☐ Construction progress monitored against approved plans



- ☐ Quality control measures implemented and documented
- ☐ Safety protocols followed at construction sites
- ☐ Material procurement follows approved vendor policy
- ☐ Change orders properly authorized and documented

3.3 Sales and Marketing

- ☐ Sales agreements comply with RERA requirements
- ☐ Booking amount collection procedures followed
- ☐ Customer KYC documentation completed
- ☐ Sales commission calculations verified
- ☐ Marketing material approvals documented
- ☐ Customer complaint resolution tracked
- ☐ Sales return and cancellation policies followed

3.4 Customer Relationship Management

- ☐ Customer database maintained with complete information
- ☐ Payment schedules communicated and tracked
- ☐ Construction progress updates provided to customers
- ☐ Possession handover procedures documented
- ☐ After-sales service commitments tracked
- ☐ Customer feedback collection and analysis

4. LEGAL & COMPLIANCE

4.1 Contracts and Agreements

- ☐ Land purchase agreements properly executed and registered
- ☐ Joint development agreements terms and conditions verified

- ☐ Construction contracts include appropriate clauses
- ☐ Sales agreements comply with legal requirements
- ☐ Vendor agreements include compliance requirements
- ☐ Employment contracts comply with labor laws
- ☐ Insurance policies adequate and current

4.2 Litigation and Disputes

- ☐ Pending litigation cases tracked and provisions made
- ☐ Legal opinions obtained for significant matters
- ☐ Arbitration proceedings properly managed
- ☐ Settlement agreements documented and executed
- ☐ Contingent liabilities assessed and disclosed
- ☐ Legal compliance calendar maintained

4.3 Intellectual Property

- ☐ Trademark registrations for project names verified
- ☐ Copyright protection for marketing materials
- ☐ Design patents for architectural innovations (if applicable)
- ☐ Third-party IP usage agreements documented
- ☐ Brand licensing agreements properly executed

5. RISK MANAGEMENT

5.1 Credit Risk

- ☐ Customer credit assessment procedures followed
- ☐ Payment default tracking and collection procedures
- ☐ Bank guarantee and security deposit management



- ☐ Vendor credit evaluation processes
- ☐ Joint venture partner financial stability assessment

5.2 Market Risk

- ☐ Market research and analysis for new projects
- ☐ Pricing strategy documentation and approvals
- ☐ Competitor analysis and market positioning
- ☐ Demand forecasting and inventory planning
- ☐ Economic indicator monitoring and impact assessment

5.3 Operational Risk

- ☐ Construction timeline risk assessment and mitigation
- ☐ Regulatory approval delays contingency planning
- ☐ Contractor performance monitoring and penalties
- ☐ Material price fluctuation risk management
- ☐ Weather and natural disaster risk assessment

5.4 Financial Risk

- ☐ Interest rate risk assessment and hedging strategies
- ☐ Currency risk management (if applicable)
- ☐ Liquidity risk monitoring and management
- ☐ Debt covenant compliance monitoring
- ☐ Investment risk assessment procedures

6. INTERNAL CONTROLS

6.1 Segregation of Duties

- ☐ Purchase and payment functions separated
- ☐ Bank reconciliation performed by independent person
- ☐ Inventory management and accounting functions separated
- ☐ Sales and collection functions segregated
- ☐ Project approval and execution functions separated

6.2 Authorization Controls

- ☐ Delegation of authority matrix documented and updated
- ☐ Expenditure approval limits defined and followed
- ☐ Investment decision authorization procedures
- ☐ Contract signing authority clearly defined
- ☐ Bank account operation authorization documented

6.3 Documentation Controls

- ☐ Document retention policy implemented
- ☐ Filing system organized and accessible
- ☐ Backup procedures for critical documents
- ☐ Digital document security measures
- ☐ Audit trail maintenance for all transactions

7. INFORMATION TECHNOLOGY

7.1 System Controls

- ☐ ERP system access controls and user permissions
- ☐ Data backup and recovery procedures tested
- ☐ System security measures implemented
- ☐ Software licensing compliance verified
- ☐ System change management procedures followed

7.2 Data Management

- ☐ Customer data privacy and protection measures
- ☐ Financial data accuracy and integrity checks
- ☐ Project data management and version control
- ☐ Reporting system accuracy and timeliness
- ☐ Data archival and retrieval procedures

8. HUMAN RESOURCES

8.1 Recruitment and Employment

- ☐ Background verification for key positions completed
- ☐ Employment contracts comply with labor laws
- ☐ Salary and benefits structure approved and documented
- ☐ Performance evaluation system implemented
- ☐ Training and development programs conducted



8.2 Compliance with Labor Laws

- ☐ Provident Fund and ESI contributions verified
- ☐ Professional tax payments current
- ☐ Bonus and gratuity calculations verified
- ☐ Leave policy implementation and tracking
- ☐ Contractor labor compliance monitoring

9. ENVIRONMENTAL & SOCIAL COMPLIANCE

9.1 Environmental Compliance

- ☐ Environmental clearance certificates obtained
- ☐ Pollution control measures implemented
- ☐ Waste management procedures followed
- ☐ Water conservation measures implemented
- ☐ Green building certifications pursued (if applicable)

9.2 Social Responsibility

- ☐ CSR policy and implementation (if applicable)
- ☐ Community development initiatives documented
- ☐ Rehabilitation and resettlement compliance (if applicable)
- ☐ Stakeholder engagement activities tracked
- ☐ Sustainability reporting prepared

10. BOARD & GOVERNANCE

10.1 Board Effectiveness

- ☐ Board composition meets regulatory requirements
- ☐ Independent directors appointed as required



- ☐ Board meeting minutes properly documented
- ☐ Board committee functioning verified
- ☐ Director training and evaluation completed

10.2 Governance Policies

- ☐ Code of conduct policy implemented
- ☐ Whistle-blower policy functional
- ☐ Risk management policy approved and implemented
- ☐ Related party transaction policy followed
- ☐ Insider trading policy compliance verified

AUDIT REPORTING

Key Areas for Management Attention

- ☐ Significant control deficiencies identified
- ☐ Regulatory compliance gaps documented
- ☐ Financial reporting accuracy issues
- ☐ Operational efficiency opportunities
- ☐ Risk management improvements needed

Follow-up Actions

- ☐ Management action plans received
- ☐ Implementation timelines agreed
- ☐ Responsibility assignments documented
- ☐ Progress monitoring mechanism established
- ☐ Next audit cycle planning completed

