

## REQUEST FOR PROPOSAL

# Appointment of Central & Regional Internal Auditors for Stock Holding Corporation of India Limited

Reference No.: SHCIL/CRIAA/2022/01



Stock Holding Corporation of India Limited  
Regd. Office: 301, Centre Point  
Dr. Babasaheb Ambedkar Marg  
Parel, Mumbai-400012  
CIN no. U67190MH1986GOI040506  
Website: [www.stockholding.com](http://www.stockholding.com)

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**DISCLAIMER**

***This Request for Proposal (RFP) is not an offer by StockHolding, but an invitation to receive response from eligible interested bidders for Appointment of Central and Regional Internal Auditor. This document should be read in its entirety.***

***The purpose of this RFP is to provide the interested bidder with information to assist the formulation of their proposals. This RFP does not claim to contain all the information each bidder may require. Each bidder should conduct its own investigations and analysis and should check the accuracy, reliability and completeness of the information in this RFP and wherever necessary, may obtain independent advice. StockHolding makes no representation or warranty and shall incur no liability under any law, statute, rules or regulations as to the accuracy, reliability or completeness of this RFP. StockHolding may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information in this RFP. StockHolding also reserves the right to reject any or all BIDs received in response to this document without assigning any reason whatsoever and cancel the appointment process for this audit assignment at any stage, without assigning any reason whatsoever.***

**StockHolding Corporation Of India Ltd.****Regd. Office :** 301, Centre Point, Dr. Babasaheb Ambedkar Road, Parel, Mumbai - 400 012**CIN :** U67190MH1986GOI040506***NOTICE FOR INVITATION OF BID FOR APPOINTMENT  
OF CENTRAL & REGIONAL INTERNAL AUDITORS***

Stockholding Corporation of India Limited invites bids in the prescribed format from eligible practicing firms of Chartered Accountants for appointment as Central Internal Auditors at Mumbai Office and Regional Internal Auditors at Regional offices based across India.

The Request for Proposal (RFP) is available on company website: <https://corporate.StockHolding.com/notices/>. The Bid can be submitted on or before 05:00 PM on 07<sup>th</sup> July 2022.

Corrigendum / Addendum with regard to this advertisement, if any, shall be uploaded only on same website.

*StockHolding reserves the right to accept or reject any or all applications without assigning any reason.*

*For queries contact: [internal.auditor@stockholding.com](mailto:internal.auditor@stockholding.com)*

## **Tender Key Activities & Due Dates**

<b>Subject</b>	RFP for the Appointment of Central & Regional Internal Auditors of Stock Holding Corporation of India Limited
<b>RFP Reference Number</b>	<b>SHCIL/CRIAA/2022/01</b>
<b>Start Date &amp; Time for submission of E-Tender</b>	<b>17<sup>th</sup> June 2022</b>
<b>Last Date &amp; Time for Submission of RFP</b>	<b>07<sup>th</sup> July 2022, 05:00 P.M.</b>
<b>Pre-bid online meeting</b>	<b>Central Internal Auditor :</b> Pre-bid meeting (Online) at 30-Jun-2022 @11:00 Hrs. <b>Regional Internal Auditor:</b> Pre-bid meeting (Online) at 30-Jun-2022 @14:00 Hrs. To participate or any query, please send your request to internal.auditor@stockholding.com on or before 28-Jun-2022, @ 14:00 Hrs
<b>E-mail address</b>	Internal.auditor@stockholding.com
<b>E-bidding to be facilitated by</b>	M/s e-Procurement Technologies Ltd.(ETL), on behalf of Stock Holding Corporation of India Limited
<b>Date &amp; Time of Opening of Technical Bids</b>	8 <sup>th</sup> July 2022, 11.00 a.m.,
<b>Presentations for the role of Central Internal Auditor</b>	July 13, 2022 (Tentative Date) The qualifying applicant will be intimated by 12 <sup>th</sup> July, 2022. (For Central Internal Auditor only)
<b>Date &amp; Time of Opening of Financial Bids</b>	July 14 <sup>th</sup> 2022, 11.00 a.m.,
<b>Address of online submission of bid</b>	<a href="https://stockholding.auctiontiger.net">https://stockholding.auctiontiger.net</a>

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**Stock Holding Corporation of India Limited****Regd. Office: 301, Centre Point****Dr. Babasaheb Ambedkar Marg****Parel, Mumbai-400012****CIN no. U67190MH1986GOI040506****Website: [www.stockholding.com](http://www.stockholding.com)****June 17, 2022****Introduction****About StockHolding**

StockHolding Corporation of India Limited (StockHolding), a subsidiary of IFCI Limited is promoted by the public financial institutions and Insurance majors and incorporated as a public limited company. The services provided by the Company are listed below:-

**A) Institution Segment**

StockHolding is leading DDP & Custodian in terms of assets under custody. The Company provides post trading and custodial services to institutional investors, mutual funds, banks, insurance companies, etc. for all securities, valuation and fund accounting services, securities and lending and borrowing services etc.

**B) Retail Segment****a) Depository Participant (DP) Services**

StockHolding provides Demat Account Services to Retail, HNI, Corporate and Institutional Customers on both NSDL and CDSL. StockHolding is also empanelled as a Comtrack Participant with National Commodity and Derivatives Exchange (NCDEX) to hold commodities in dematerialised form.

**b) Sub-Broking Services**

StockHolding offers Sub-Broking Services in Cash, Derivatives and Currency segments through its wholly owned subsidiary - SHCIL Services Limited ("SSL") to Retail, HNI, Corporate and Institutional client.

**c) Professional Clearing Member Services**

StockHolding is a Professional Clearing Member and Custodian in the Derivative segment.

**d) Third Party Product**

- Mutual Funds, Fixed Deposits & NCDs
- Bonds of PSUs, Capital Gain Bonds, GOI Savings Bonds, Sovereign Gold Bond

- Initial Public Offer
- Loan against Shares

**e) National Pension Scheme (NPS)**

National Pension System (NPS) is a pension scheme from Government of India offering a regular pension after retirement apart from unique tax advantage and partial withdrawal benefit. StockHolding is a leading Point of Presence (POP).

**f) Insurance**

StockHolding is a Corporate Agent having valid Composite Corporate Agency License from IRDAI and is soliciting Insurance business of three insurers each in Life, General and Health to various segments of client.

**g) e-Stamping**

E-stamping is a computer based application and a secured electronic way of stamping documents. Ministry of Finance, Government of India appointed Stock Holding Corporation of India Ltd as Central Record Keeping Agency (CRA) for Computerization of Stamp Duty Administration System (C-SDAS). As a major e-governance initiative, several State Governments have authorized StockHolding to collect non-judicial stamp duty payment through our e-stamping system. StockHolding is the only CRA appointed by the Government of India.

**h) e-Registration & e-Court fees**

E-Registration Fees Collection system is a secure electronic way of Collection of Registration Fees along with the Other Charges and payment mechanism for various State Government and Union Territory in India. It is a step towards e-Governance which ensures that Registration fee and Other Charges paid by public reaches the Government safely. As a major e-governance initiative, several State Governments have authorized StockHolding to collect judicial stamp duty payment through e-Court fees system.

**i) StockHolding Learning & Development Centre**

StockHolding has set up a training-cum-education Centre at Mahape, Navi Mumbai, called StockHolding Learning and Development Centre (SLDC). It offers superior infrastructural facilities to provide training and education in the right ambience.

**j) Subsidiaries****SHCIL Services Limited (SSL)**

SHCIL Services Ltd. (SSL) is a wholly owned subsidiary of Stock Holding Corporation of India Limited and it is a SEBI registered corporate stock broker and a broking arm of StockHolding.

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### **StockHolding Document Management Services Limited (SDMS)**

StockHolding through its wholly owned subsidiary DMS provides Secure Storage Solutions and Digitisation Services for Physical Documents. Document Management Services provided from 21 locations across India.

### **StockHolding Securities IFSC Limited (SSIL)**

StockHolding Securities IFSC Limited a newly incorporated wholly owned subsidiary of StockHolding. SSIL proposes to offer a comprehensive bouquet of service solutions to all eligible investors at IFSC, Gift City.

**To know more about the Company please visit [www.StockHolding.com](http://www.StockHolding.com)**

## **OBJECTIVE**

This document contains the details of eligibility / qualification criteria, submission requirement, brief objective & scope of work and evaluation criteria.

The objective of this RFP is to select a Central and Regional Internal Auditors for StockHolding as per scope of audit specified in this document.



**ROLE OF CENTRAL AND REGIONAL INTERNAL AUDITOR**

The internal audit function of the business operations and activities of Stock Holding Corporation of India Ltd. (Corporation) is being carried out by Regional Auditors across Twelve (12) regions and one Central Auditor at Head Office at Mumbai/Navi Mumbai.

**Brief role of Central Internal Auditors :**

- Conduct quarterly internal audit of HO departments, products. Services, support functions etc. and submit report.
- Collate quarterly all the internal audit reports of the Regions and HO Departments and submits an Executive Summary of the same to the Audit Committee of the Board (ACB).
- Issues various certificates to the regulators, depositories and exchanges with UDIN no. as per the scope of audit.
- To conduct various regulatory audits and submit report in the defined format to regulators, exchanges, depositories.
- Compilation of audit report of all regions and submission of the same to regulators, exchanges, depositories.
- Physical verification of fixed assets at HO at Centre Point and at Mahape

For detail scope of work please refer the product wise and department wise scope of audit in this RFP document attached as Annexure III

**Brief role of Regional Internal Auditors:**

- To conduct monthly concurrent audit of DP activities and submit monthly concurrent audit report and Half yearly report
- Quarterly internal audit of the regions and submit report as per the prescribed format.
- Physical verification of fixed assets at Branches
- Branch visits

For details scope of work please refer the Regional scope of audit in this RFP document attached as Annexure IV.

**General details of Scope of Internal Audit**

1. The internal audit report should be detailed and conclusive.
2. It should specify the scope, methodology, extent of verification and observations with implication & risk suggestion.
3. To comment on the effectiveness of the internal control system and the internal check system in force and to suggest ways and means to improve these controls and systems.
4. To perform the internal audit as per the standards on internal audit issued by ICAI
5. To examine the controls with respect to protection of the company's assets and their use, to ensure that they are used only for the purpose of business, and also the controls with respect to procurement and disposal.
6. To undertake special investigation as and when desired by the management.
7. To ensure that the standard operating procedures which have been devised by the organization are strictly followed.
8. To assist management in achieving the most efficient administration of operation by establishing procedures by complying with company's operating policies.
9. To facilitate the early detection and prevention of frauds.
10. Existence of any lapse/deviation that may contradict regulatory norms and organizational policy guidelines.
11. The report periodicity will be monthly/ Quarterly/Half yearly/Yearly and final reports should be submitted before the specified deadlines as per the scope of audit defined in this RFP document.
12. The final quarterly internal audit report should be submitted at least one week in advance, ahead of Audit Committee of Board meeting.
13. The report should include verification of statutory compliance in respect of all applicable laws to the Company.
14. Wherever possible, the report should specify the extent of checking in a particular area in term of value and volume, for example – Bank payments – around 25% etc.

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15. The lead partner should be involved with the finalization of the audit report and discussion of the audit observations with the management along with presentation of key findings to the Audit Committee.
16. All reports and certifications should be with UDIN. The UDIN certificates are issued to concerned regulators, Depositories and Exchanges as per the scope of the audit in the RFP document. No separate charges will be paid for any certification.
17. The firm should have BCP & WFH capability to provide services during pandemic or similar situations.

The Detailed department wise and product wise scope of audit for Central and Regional Internal Auditor is annexed herewith as “***Annexure III & IV***” respectively.

### **Details of Regions for appointment of Regional Auditor**

StockHolding's network of 204 branches are grouped in Twelve (12) regions. The details of the regions alongwith the regional head office address are as under:

<b>Sr. No.</b>	<b>Region</b>	<b>States in the region</b>	<b>No of Branches in the region</b>	<b>Regional office located at</b>
1.	North	Delhi, NCR, Haryana,	<b>13</b>	<b>New Delhi</b> IFCI Tower, 5 <sup>th</sup> Floor, A Wing, 61, Nehru Place, New Delhi-110019
2.	North West	Chandigarh, Punjab, J&K, Himachal Pradesh and Haryana	<b>14</b>	<b>Chandigarh</b> SCO 154-155, 2 <sup>nd</sup> Floor, Deepak Tower Building, Sector 17-C, Chandigarh 160017
3.	Uttar Pradesh & U.K.	Uttar Pradesh & Uttarakhand	<b>14</b>	<b>Lucknow</b> 36/15, 1 <sup>st</sup> Floor, Opp. Rohit Bhawan,6, Sapru Marg, Lucknow-226001
4.	Gujarat	Gujarat	<b>24</b>	<b>Ahmedabad</b> 403, 4th Floor, IFCI Bhavan, Near Lal Bunglow, CG Road, Ahmedabad-380006
5.	Mumbai & Goa	Mumbai & Goa	<b>20</b>	<b>Mumbai</b> 12/14, UTI Building, Bank Street, Cross Lane, Near Old Custom House, Fort, Mumbai-400023
6.	Maharashtra	Maharashtra excluding Mumbai & Goa	<b>17</b>	<b>Pune</b> Unit No. 102, 1 <sup>st</sup> Floor, "KAMAYANI" V.M. Joshi Marg, Off J.M. Road, Pune-411005

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7.	Bihar, Jharkhand & Chattisgarh	Bihar, Jharkhand & Chattisgarh	<b>11</b>	<b>Patna</b> 301-305,Ashiana Plaza, Budh Marg, Patna- 800001
8.	Andhra Pradesh & Telangana	Andhra Pradesh & Telangana	<b>16</b>	<b>Hyderabad</b> G-6-G-10, Ground Floor, Swarna Jayanthi ,Near Huda Maitrivanam, Ameerpet, Hyderabad-500038
9.	Karnataka	Karnataka	<b>20</b>	<b>Bengaluru</b> Bangalore Stock Exchange Ltd., Stock Exchange Towers, 51, 1st Cross, J C Road, Bangalore -560027
10.	Tamil Nadu & Kerala	Tamil Nadu & Kerala	<b>27</b>	<b>Chennai</b> Justice Basheer Ahmed Sayeed Bldg. 3rd Floor, 45, Moore Street, 2nd Line Beach, Chennai - 600001
11.	East-WB, Odisha & North East	West Bengal, Odisha, North East, Tripura	<b>13</b>	<b>Kolkata</b> 8 India Exchange Place National Insurance Building 4th Floor, Kolkata - 700001
12.	Rajasthan & M.P	Rajasthan &Madhya Pradesh	<b>15</b>	<b>Jaipur</b> Sangam Tower, 2 <sup>nd</sup> Floor Office No. 213, Church Road Jaipur – 302001

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**ELIGIBILITY CRITERIA**

1. The applicant entity should be a registered partnership or a limited liability partnership.
2. The applicant entity should have been registered with ICAI
3. The eligible firm should have
  - a. Head office/ registered office/ branch office with minimum 5 partners at Mumbai/ Navi Mumbai/ Mumbai Metropolitan Region (MMR) – For Central Internal Auditor
  - b. Head office/ registered office/ branch office with minimum 3 partners at Regional office city as per Demographic details mentioned in the RFP document. – For Regional Internal Auditor
4. The firm should be empanelled with RBI/ CAG/SEBI/ Promoter Institutions of Corporation.
5. The firm should have more than the under mentioned years of standing in practice.
  - a. Fifteen (15) – For Central Internal Auditor
  - b. Ten (10) – For Regional Internal Auditor
6. The firm should have minimum no. of partners
  - a. Ten (10) – For Central Internal Auditor
  - b. Five (5) – For Regional Internal Auditor
7. The number of corporate clients for Statutory/Internal audit in last 3 years of the audit firm should be at least
  - a. Fifteen (15) – For Central Internal Auditor
  - b. Five (5) – For Regional Internal Auditor
8. The firm should not have any conflict of interest with the Stockholding group.
9. No adverse remark/disciplinary proceedings should be pending against the firm/any of its partners on record of The Institute of Chartered Accountants of India (ICAI)
10. The Firm should have an average annual financial turnover of at least

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- a. Rs. 5 crore or more from practice, in the last three financial years – For Central Internal Auditor
  - b. Rs.50 lakhs or more from practice, in the last three financial years – For Regional Internal Auditor
11. The Lead Partner under whose supervision the audit of StockHolding will be carried out should have a minimum post qualification experience of at least 10 years in full time practice.
12. The firm should have conducted internal/Statutory audit of at least 3 Companies having a turnover of
- a. Rs. 100 crore or more, in the last 3 years. – For Central Internal Auditor.
  - b. Rs.20 crore or more, in the last 3 years – For Regional Internal Auditor.
13. The firm should have also conducted internal/Statutory audit of at least one Company having a turnover of Rs. 400 crores in last 3 years excluding banks – For Central Internal Auditor.
14. The firm should have carried out Internal/Statutory Audit of at least one Depository Participant/ Banks/ Broking/Custodian entities in last 3 years.

**OTHER TERMS AND CONDITIONS**

1. **Multiple applications for audit category:** The audit firms can apply for both the category of audit i.e for Central Internal Auditor as well as Regional Internal Auditor. The audit firm can also apply for more the one region. The audit firm selection for multiple categories of audit will be at the discretion of StockHolding.
2. **Validity of appointment:** The appointment will initially be for one year starting from 01-October-2022 to 30-September-2023 for conducting internal audit. The Company at its sole discretion may extend the contract for further 3 terms of one year each, based on the performance and with the approval of Competent Authority.
3. **Base Audit fee for audit assignment:** This is in compliance with the Guideline No- 1-CA(7)/03/2016 Dated 07/04/2016 issued by “The Institute of Chartered Accountants of India” ICAI. As required under the guidelines of ICAI , the minimum audit fee is fixed as follows:
  - a. **Central Internal Auditor** :Rs. 9,00,000/- (Rs. Nine Lakh only) per annum plus applicable taxes.
  - b. **Regional Internal Auditor**: Rs. 1,00,000/- (Rs. One Lakh only) per annum plus applicable taxes.Any financial quotes received below the base amount will be rejected.
4. **Place of Audit:**
  - a. **Central Internal Auditor**: The audit work has to be primarily conducted at the Operations office of StockHolding at SHCIL House, Plot No. P-51, T.T.C. Industrial Area, MIDC, Mahape, Navi Mumbai- 400710. However, in case of any exigencies or requirement the auditor will have to carry out the audit work from any of the offices of StockHolding situated in Mumbai/Navi Mumbai. It is to be noted that for the carrying out audit activities, Mumbai and Navi Mumbai jurisdiction will be treated as one local jurisdiction and not separate jurisdictions.
  - b. **Regional Internal Auditor**: The audit work has to be primarily conducted at the Regional office city and branches of StockHolding in the respective regions. The details are mentioned in the demographic details of the RFP document.



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5. **The internal audit Staff:**  
**Central Internal Auditor:** The audit team should consist of at least 6 members one or two of whom should be a CA (other than the lead partner). The firm should deploy more audit staff as per urgency and pendency of audit, work as and when required.
6. **Settlement of Bills :** The bills will be settled on quarterly basis after submission of all the reports and invoice.
7. **Out of pocket expense:**
  - a. **Central Internal Auditor:** No out of pocket expenses will be paid for the audit assignment.
  - b. **Regional Internal Auditor:** No out of pocket expenses will be paid for the audit assignment except for inter-city travel. Hotel and Travel bills will be paid at actual on production of original bills.
8. **Submission of Technical and financial Bids:** The firm fulfilling the above minimum eligibility criteria should submit the technical and financial quotation online mode as per details given in this RFP document.
9. **Termination of contract:** Stockholding reserves the right to terminate the contract at any time during the contract period by giving 90days notice in writing to the auditor at their last known place of residence/business and the auditor shall not be entitled to any compensation by reason of such termination. StockHolding's decision under this clause shall be final, conclusive and binding on the auditor and shall not be called in question.
10. **Dispute resolution:** In the event of any dispute arising out of or in connection with this assignment, the parties shall use their best endeavor to resolve the same amicably AND if the dispute could not be settled amicably, the matter shall be settled in the court under Mumbai jurisdiction only. The final payment will be released only after the bidder complies with above-mentioned clause.
11. **Right to alter RFP:**
  - a. StockHolding reserves the right to alter the RFP terms and conditions at any time before submission of the bids.
  - b. StockHolding reserves the right to cancel the RFP/contract.

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- c. StockHolding reserves the right to modify, amend, alter and/or cancel the entire RFP at any stage without assigning any reason whatsoever.

StockHolding's decision in this regard will be final and binding on all bidders.

**12. Integrity Pact:**

The bidder will have to enter into an Integrity Pact with StockHolding Corporation of India Limited. The format (text) for the Integrity Pact will be provided later. The bidder will have to submit a signed and stamped copy of the Integrity Pact by the authorized signatory.

**13. Non-Disclosure Agreement (NDA):**

The successful bidder will sign a Non-Disclosure Agreement (NDA) with Stock Holding Corporation of India Limited. The draft text of the NDA will have to be approved by legal department of Stock Holding Corporation of India Limited

- 14. The CA firms engaged with the StockHolding during the FY 2021-22 as Internal Auditors shall **not** be eligible for applying under the present RFP.
- 15. The selected audit firms shall be liable to maintain secrecy and confidentiality of all the information / data / operations, etc. of StockHolding and in relation to the work undertaken by it.
- 16. All prospective bidders will be notified of the amendment, if any, by StockHolding by hosting the same on StockHolding's website which will be final and binding on all the bidders.
- 17. It will be the responsibility of the bidders to regularly visit StockHolding's website for ascertaining amendments, if any, from time to time and respond accordingly. No other intimation will be given by StockHolding.

**Procedure for Submission of Application for Technical Bid and Financial Bid (Online)**

1. The bidders should carefully examine, understand the scope and terms and conditions of the RFP and may seek clarifications, if required. The bidders seeking clarification will do so in writing in advance, in the same serial order of the RFP by mentioning the relevant Page number and clause number of the RFP. All communications regarding points requiring clarifications on doubts, if any, shall be given in writing to the RFP coordinator by the intending bidders before the timelines specific.
2. Technical and Financial Bid to be submitted Online on or before Last date for Submission of Bids. The technical and financial bid should be submitted together. The technical bid will be opened first and financial bid will be opened only who qualifies in technical bid.
3. The Bids/documents are to be submitted Online at <https://stockholding.auctiontiger.net>
4. Technical and other non-commercial queries (not impacting price) can be mailed to the e-mail id [internal.auditor@stockholding.com](mailto:internal.auditor@stockholding.com) indicated in the RFP document.
5. Online bids submission related queries could be addressed to M/s. e-Procurement Technologies Ltd. personnel indicated in the document.
6. M/s. e-Procurement Technologies Ltd. responsibility is limited to technical assistance of bid event. Finalization of bidding process and selection of Bidder would be directly between Bidders and StockHolding.
7. The Bids submitted by telegram/Fax/Email shall not be considered and is liable to be rejected. No correspondence will be entertained in this matter.
8. No other documents or new terms and conditions are to be uploaded in Bids. Conditional bid will be liable for the rejection of the bid.

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9. The Bidder is requested to submit its application prior to last date and time of submission to avoid any inability due to telephone line glitch, internet response issues, software or hardware issues will not be the responsibility of M/s. e-Procurement Technologies Ltd or of StockHolding. However, M/s. e-Procurement Technologies Ltd. shall make every effort to ensure availability of technology resources to enable submission of application.
  10. All uploaded documents copies needs to be self attested. The bidders are required to upload all the document in portable document format (.pdf).
  11. StockHolding will consider only such applications that satisfy the eligibility criteria.
  11. The Bidder need to have Minimum Requirement for submission of tender:
    - a. Computer / Laptop with internet connection
    - b. Operating system – Window XP Service Pack -3 / VISTA / WINDOWS 7
    - c. Digital Certificate – Class II or III, Signing + Encryption and it should be organizational certificate
  12. The Bidder shall submit that Technical Bid through online on website <https://stockholding.auctiontiger.net>. For any issues / clarifications, the Bidder may contact
    1. **Khushboo Mehta:- 9510813528, [khushboo.mehta@eptl.in](mailto:khushboo.mehta@eptl.in)**
    2. **Nandan Valera:- 9081000427, [nandan.v@eptl.in](mailto:nandan.v@eptl.in)**
    3. **Pooja Shah: - 9328931942, [Pooja.shah@eptl.in](mailto:Pooja.shah@eptl.in)**
- Call: +91 9904406300 | +91 9510812960 | +91 9265562821 | +91 6354919566**  
**e-mail: [support@auctiontiger.net](mailto:support@auctiontiger.net)**
15. Upon the successful and timely submission of bids, the portal will give a successful bid submission message and a bid summary will be displayed with the bid no. and the date and time of submission of the bid with all relevant details.
  16. The Auction tiger's server time shall be the time stamp for the submission of the bids on the system and the said time stamp shall be final. The bidders are advised not to wait till the last minute or last few seconds to enter their bid to avoid complications related with internet connectivity, network problems, system crash down, power failure, etc.

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17. The bidder shall submit that Financial Bid through online on website <https://stockholding.auctiontiger.net>.
18. The Financial Bids once made, cannot be cancelled and withdrawn, however, can be modified till the last date and timing of submission of tender and the bidder shall be bound by the same.
19. The bidder shall quote per annum audit fee for the Central/regional auditor role mentioned in the Financial Bid.
18. The bidder is required to check the prices / amount carefully before uploading financial Bid.
19. The prices quoted in the Financial Bid should be inclusive of all charges except applicable taxes.
20. The Financial Bid shall be unconditional and any conditional/incomplete Financial Bids shall not be accepted.
21. StockHolding's interpretation regarding errors in particulars or typographical or clerical errors shall be final and binding on the bidder.
22. The bidders are requested to submit the bid through auction tiger online RFPing system well before the bid submission end date and time (as per Server System Clock and the said Server System Clock Time shall be final). The bidders are advised not to wait till the last minute to enter their bid.

StockHolding Internal Committee will evaluate all the quotes and StockHolding reserves the right to cancel/ restrict/ enlarge/ modify/ postpone and/or extend the date of receipt/ opening of quotations. StockHolding also reserves the right to reject any or all BIDs received in response to this RFP document without assigning any reason whatsoever and cancel the appointment process for this audit assignment at any stage, without assigning any reason whatsoever. The decision of StockHolding shall be final and binding.

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For further information, clarification of this RFP document, please contact following officers of the corporation:

<b>Name of the contact person</b>	<b>Contact details &amp; E-mail ID</b>
Ms. Mita Chaudhary, Manager Internal Audit Department	9987776344 Internal.auditor@stockholding.com
Mr. Sanjeev Kumar, Senior Manager Internal Audit Department	9987776250 Internal.auditor@stockholding.com

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**Format of Application of Technical Bid**

Sr. No.	Particulars	Details
1.	Name of the Firm/Company	To be filled
2.	Category applied : Central Internal Auditor/ Regional Auditor	To be filled
3.	If Regional auditor then name of the Region	To be filled
4.	Constitution	Upload self attested Registration Certificate
5.	Address of Head office/Registered office with Pin-code	Upload self attested document
6.	Address of Branch office with Pin-code	Upload self attested document
7.	Post qualification experience in full time practice and contact Details of the lead partner assigned to StockHolding: Name of the Partner Mobile No.(s) E-mail	Upload self attested document
8.	Date of Establishment of the firm	Upload ICAI Firm Card
9.	No. of Years of the firm in practice	Upload self attested document
10.	No. of CA partners of audit firm	Upload self attested document
11.	No. of Fellow CA partners	Upload self attested document
12.	No. of partners at Branch	Upload self attested document
13.	No. of corporate clients of the firm for which Statutory/Internal audit conducted in last 3 years	Mention names of clients, year of audit, nature of audit and Upload documentary evidence

RFP- Appointment of Central & Regional Internal Auditors

Sr. No.	Particulars	Details
14.	Details of internal/statutory audit conducted by audit firm for bank/ Depository Participant/ Broking/custodian entities in last 3 years	Mention names of clients, nature of business, year of audit, nature of audit and Upload documentary evidence
15.	Firm's PAN/GST No.	Upload Document
16.	Empanelment Details with RBI/ CAG/ SEBI/Promoter institution of corporation	Upload empanelment document
17.	Firm's Registration No. with ICAI	Upload Document
18.	Average Financial turnover of audit firm in last 3 Financial year	Upload self attested Turnover certificate document
19.	Turnover details of companies for which internal / Statutory audit conducted in last 3 years	Mention names of clients, Turnover of client, year of audit, nature of audit and Upload documentary evidence
20.	The Lead Partner and the firm does not have any conflict of interest with StockHolding group.	Upload Self Declaration
21.	No adverse remark/disciplinary proceedings are pending against the firm/any of its partners on record of The Institute of Chartered Accountants of India (ICAI).	Upload Self Declaration
22.	Internal Audit of StockHolding will be carried out by the lead partner who is a qualified Chartered Accountant with an experience of at least 10 years in full time practice	Upload self Declaration
23.	Details of internal/Statutory audit of at least one Company having a turnover of Rs. 400 crores in last 3 years excluding banks	Mention names of clients, Turnover of client, year of audit, nature of audit and Upload documentary evidence
24.	Self Declaration	Upload Annexure II



### **BID EVALUATION PROCESS**

The completed bids will be evaluated on the basis of technical and financial parameters as per details given below. The Technical Bid will have 100 marks. Minimum Technical score required is 70 for Central Internal Auditor and 60 for Regional Auditor. Any bidder who scores less than minimum technical score will not be considered for commercial evaluation. The criteria for technical, financial and final scoring is given below.

#### **Technical evaluation criteria for Central Internal Auditor**

The Company shall constitute an Evaluation Committee (EC), to carry out the evaluation process. The Technical proposal evaluation process would focus on the ability of the firm to satisfy technical requirements of the assignment. Technical proposals will be evaluated based on the following criteria. The bidder will have to provide necessary documentary evidence for below criteria along with Bid document failing which bidder will be awarded Nil mark for criteria where no documentary evidence are provided with the bid document.

Sr. No	Evaluation Criteria	Score	Score	Score	Score	Max Score
1	Firm in Practice (in years)	16 Years	17-20 Years	21-25 years	More than 25 years	10
	<b>Score</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>	
2	No. of C.A. partners	10	11-15	16-20	More than 20	10
	<b>Score</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>	
3	Number of corporate client in last three years for which statutory/ internal audit conducted	15 Clients	16-25 Clients	26-35 Clients	More than 35 clients	10
	<b>Score</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>	
4	Average annual financial turnover of audit firm in the last three financial years i.e.2019-20 to 2021-22 (Rs. In Crores)	5 to <10 Cr.	10 Cr. <15 Cr.	15 to < 20 Cr.	More than 20 Cr.	5
	<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>5</b>	

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5	Post qualification experience of lead partner as on 31.03.2022	10 years	11 to 15 years	16-20 years	More than 20 years	10
	<b>Score</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>	
6	Turnover of Clients-Conducting Internal/statutory Audit of Companies having a turnover of Rs 100 crore or more in the last 3 years.	3-5 Clients	6-10 Clients	11-15 Clients	More than 15 Clients	10
	<b>Score</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>	
7	Relevant audit experience - Internal/ Statutory Audit conducted of Depository participants /Banks/ Broking entity / Custodian in last 3 years	1-3 Clients	4-5 Clients	6-10 Clients	More than 10 Clients	10
	<b>Score</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>	
8	Turnover of Clients-Internal/ statutory Audit conducted of Company having a turnover of Rs 400 crore or more in the last 3 years excluding banks	1 Clients	2-3 Clients	4-5 Clients	More than 5 Clients	10
	<b>Score</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>	
9	Presentation by lead partner- Based on the background of the firm, areas of expertise, past and present clientele, Audit approach etc.	Score shall be given by the committee based on presentations.				25
	<b>Total Score</b>	<b>100</b>				

**Note: Presentation shall be made by the applicant for Central Internal auditor role considering the following:-**

RFP- Appointment of Central & Regional Internal Auditors

1.	Presentation to be given should be specific to Internal audit approach as per the scope of audit as applicable to Stockholding
2.	Presentations should cover brief background of the firm, areas of expertise, proposed audit approach and methodology, past and present clientele and details of team structure which will handle the audit assignments.
3.	Speakers shall be given 15 minutes to deliver their presentation
4.	Schedule of presentation shall be communicated to all the applicants beforehand

**Note: Financial bids for appointment of Central Internal Auditor will be opened for only those bidders who score 70 out of 100 or above in technical score.**

**Technical evaluation criteria for Regional Auditor**

Sr. No	Evaluation Criteria	Score	Score	Score	Max Score
1	Firm in Practice (in years)	11 Years	12-15 Years	More than 15 years	20
	<b>Score</b>	<b>14</b>	<b>17</b>	<b>20</b>	
2	No. of C.A. partners	5	6-10	More than 10	20
	<b>Score</b>	<b>14</b>	<b>17</b>	<b>20</b>	
3	Number of corporate client in last three years for which statutory/internal audit conducted	5 Clients	6-15 Clients	More than 15 clients	10
	<b>Score</b>	<b>5</b>	<b>7</b>	<b>10</b>	
4	Average annual financial turnover of audit firm in the last three financial years i.e. 2019-20 to 2021-22	50 Lakhs to <1 Crore	1 to <3 Crore	3Crore & Above	10
	<b>Score</b>	<b>5</b>	<b>7</b>	<b>10</b>	
5	Post qualification experience of lead partner as on 31.03.2022	10 years	11 to 15 years	More than 15 years	20
	<b>Score</b>	<b>14</b>	<b>17</b>	<b>20</b>	

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6	Turnover of Clients- Internal/ Statutory Audit conducted of Companies having a turnover of Rs 20 crore or more, in the last 3 years.	3-5 Clients	6-10 Clients	More than 10 Clients	10
	<b>Score</b>	<b>5</b>	<b>7</b>	<b>10</b>	
7	Relevant audit experience- Internal/statutory Audit conducted of Depository participants/Banks/ Broking /custodian entity in last 3 years	1-3 Clients	4-5 Clients	More than 5 Clients	10
	<b>Score</b>	<b>5</b>	<b>7</b>	<b>10</b>	
	<b>Total Score</b>	<b>100</b>			

**Note: Financial bids for Regional Auditors appointment will be opened for only those bidders who score 60 out of 100 or above in technical score.**

**Total Scoring methodology for Technical and Financial Bids**

1. Technical Bids shall be evaluated first for the bid completeness, bid conformity, bid responsiveness. 70 % weightage shall be given to the Technical criteria and 30% to the Commercial Bid. The score will be calculated for all technically qualified bidders using the formula: (Minimum Commercial quote among the bidders / quoted price of the Bidder being evaluated) x 30 + (Technical score of the Bidder being evaluated/ Total Score) x 70.
2. In financial bid, the lowest bidder will be given 30 marks and other bidders will be reduced in the proportion based on difference between the quoted price of the bidders and the lowest bid price.
3. The firm who scores highest shall be declared as successful bidder.

**The decision of the Competent Authority of StockHolding will be final and binding on the bidders.**

**Format for Financial Quotes****(Scan Copy to be uploaded on the Letterhead of the Company)**

To  
Head of Internal Audit  
Stock Holding Corporation of India Limited  
Regd. Office: 301, Centre Point  
Dr. Babasaheb Ambedkar Marg  
Parel, Mumbai-400012

Dear Sir/Madam,

**Re : Quotation for carrying out internal audit of StockHolding for a period of four years (Renewable every year for one year term as per terms and conditions given in the RFP document)**

I/We\_\_\_\_\_ are pleased to submit our commercials for the assignment/scope of work as mentioned in the document. Our annual audit fee exclusive of applicable taxes for the entire term of RFP (i.e. four years) is as under:

Category Applied for : Central/Regional Auditor	To be filled
If Category is Regional, then specify the region	To be filled
<b>Particulars</b>	<b>Amount in Rs.</b>
Annual Professional fee (exclusive of applicable taxes) valid for the entire term of RFP i.e. four year	
GST @ ____ %	
<b>Total Fee</b>	
<b>Amount in Words: Rs.</b>	

Note:

1. If audit firm wish to apply for multiple regions then they should submit separate financial bid for each region.
2. Bid will be evaluated on annual professional fee excluding taxes.

I/We understand that:

RFP- Appointment of Central & Regional Internal Auditors

1. Only annual professional fees (exclusive of taxes) are to be quoted.
2. Fees will be paid on quarterly basis @25% of the annual fees quoted plus applicable taxes after submission of tax invoice and relevant audit reports and certification pertaining to that quarter.
3. No out of pocket expenses will be paid on account of local conveyance, dearness allowance and daily allowance etc.
4. The out of pocket expenses will be paid only for outstation visits. The out of pocket expenses will be reimbursed on submission of statement of expenditure and original bills.

Signature of Authorised Signatory

Date:  
Place:

Name:  
Designation:  
Stamp

**Annexure II****(Declaration to be furnished on the letter head of the company)**

To

The Head of Internal Audit  
Stock Holding Corporation of India Limited  
Regd. Office: 301, Centre Point  
Dr. Babasaheb Ambedkar Marg  
Parel, Mumbai-400012

Dear Sir/Madam,

**SUBJECT: APPLICATION FOR APPOINTMENT AS  
CENTRAL/REGIONAL INTERNAL AUDITOR OF STOCKHOLDING**

Please find enclosed the bid for consideration of our Chartered Accountant firm to be appointed as the Central/Regional Internal Auditor of StockHolding.

We agree to undertake the assignments, if given by you, as per the scope of work laid down under the RFP dated \_\_\_\_\_. We hereby declare that our firm does not have any pecuniary liability or any claim/disciplinary proceeding /legal proceeding pending against us/ our partners/ our employees/ our agents or any other cause which could hamper our ability to render the services to StockHolding as envisaged. We further declared that:

- i. There has not been any disciplinary action initiated or contemplated or pending /suspension of practice against our firm or debarment from conducting any activity by ICAI/RBI/C&AG or other financial sector regulator /statutory authority during the last five years
- ii. None of the partners/employees have been convicted of any offence involving moral turpitude or has been found guilty of any economic offence.
- iii. No appeal/unresolved dispute/suit/case/application has been pending at any court of law/ Tribunal in India regarding the existence of the business/ right to carry on practice of our firm or any of its partners/directors.
- iv. If the aforesaid representation /declaration or any information contained in the Annexures is found to be incorrect, false or misleading, we agree that the StockHolding

RFP- Appointment of Central & Regional Internal Auditors

shall be entitled to terminate the Contract, if executed with our firm, or initiate suitable action as deemed fit and appropriate by the StockHolding, in accordance with law, without reference to us.

v. We confirm that we meet all the eligibility criteria mentioned on the contract & we have not been Black listed by any Government organization/ Regulator/ Statutory authority in the past.

Signature of Authorised Signatory

Date:  
Place:

Name:  
Designation:  
Stamp



## RFP- Appointment of Central &amp; Regional Internal Auditors

**Format for submission of Queries**

<b>Applicant's Request for clarification</b>		
<b>Name and Address of Organisation submitting Request</b>		
<b>Contact Person</b>		
<b>Contact Number and Email Id</b>		

Sr.No .	Reference (Clause No./ Page No.)	Content of RFP requiring clarification	Points of clarification required

STOCK HOLDING CORPORATION OF INDIA LTD.

# ANNEXURE III

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## SCOPE FOR CENTRAL AUDIT

**Period: October - 2022 to September - 2023**

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Scope of Central Audit

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### Details of Central Audit

Sr. no.	Details of Audit	Frequency	Scope of Audit
<b>A</b>	<b>Internal Audit - Quarterly</b>		
1	HWD & Training department	Quarterly	Pls refer Annexure - 1
2	Administration activities	Quarterly	Pls refer Annexure - 2
3	Professional Clearing Member (PCM)	Quarterly	Pls refer Annexure - 3
4	Custodial Operations – Finance	Quarterly	Pls refer Annexure - 4
5	Depository Participants Services – Finance	Quarterly	
6	Corporate segment – Finance	Quarterly	
7	Government of India (GOI) Bonds & Sovereign Gold Bond (SGB)	Quarterly	Pls refer Annexure - 5
8	Third Party Products	Quarterly	Pls refer Annexure - 6
9	Mahape premises	Quarterly	Pls refer Annexure - 7
10	Subsidiary General Ledger (SGL) activities	Quarterly	Pls refer Annexure - 8
11	Constituents' SGL (CSGL) activities	Quarterly	
12	Investment functions	Quarterly	
13	Gold Rush	Quarterly	Pls refer Annexure - 9
14	e-Services operations & Finance – Mahape	Quarterly	Pls refer Annexure - 10
15	Sub-Broking activities	Quarterly	Pls refer Annexure - 11
16	National Pension Scheme (NPS) Activities	Quarterly	Pls refer Annexure - 12
17	Insurance Activities	Quarterly	Pls refer Annexure - 13
18	Depository Participant (DP) Services	Quarterly	Pls refer Annexure - 32
19	Custodial operations & Gold Custody	Quarterly	Pls refer Annexure – 14
20	Compliance Audit	Quarterly	Pls refer Annexure - 15
21	Security System	Quarterly	Pls refer Annexure - 16
22	Information Technology (IT)	Quarterly	Pls refer Annexure - 17
23	National E-Repository Ltd. Activities (NERL)	Quarterly	Pls refer Annexure – 18
24	CDSL Commodity Repository Limited (CCRL)	Quarterly	Pls refer Annexure – 19
25	Physical verification of Fixed Assets	Yearly	
26	Related Party Transaction	Quarterly	Pls refer Annexure - 20
27	Fund Valuation services	Quarterly	Pls refer Annexure – 21
28	Branch Rating based on Half yearly report of NSDL & CDSL	Half yearly	Pls refer Annexure – 22
29	Executive Summary of all department reports	Quarterly	
<b>B</b>	<b>Regulatory Audit</b>		
1	Concurrent audit of NSDL & CDSL DP operation for Custodial segment	Monthly	Pls refer Annexure - 23 & 24
2	Concurrent audit of NSDL & CDSL for DP operations for centralised activities of retail segment	Monthly	

### Scope of Central Audit

3	Consolidation and submission of NSDL and CDSL Concurrent Audit reports across regions and HO for DP operation - Retail & Institution segment	Half yearly	
4	Submission of Executive Summary of NSDL & CDSL concurrent audit reports across all regions and HO to ACB	Half yearly	
5	Submission of certificate and internal audit report of PCM activity in a prescribed format to BSE, NSE and MCX	Half yearly	Pls refer Annexure – 25 & 26
6	Submission of internal Audit Report of NPS - POP in prescribed format to PFRDA	Yearly	Pls refer Annexure - 12
7	Inspection u/s 14(2) of SEBI (Custodian of securities) Regulation 1996	Yearly	Pls refer Annexure – 27
8	System Audit of Pledge Module as per NSCCL requirement	Yearly	Pls refer Annexure – 28
9	Internal DDP Operation Audit Report as prescribed by SEBI FPI Regulation 2019	Yearly	Pls refer Annexure – 29
10	Reporting of Internal Audit report of custodial operations	Half yearly	Pls refer Annexure – 31
<b>C</b>	<b>Regulatory - Certification</b>		
1	Certificate for Pledge transactions to NSCCL- (Cash, F&O, Debt segment & Currency derivatives)	Monthly & Quarterly	Pls refer Annexure – 30
2	Certificate for Reconciliation of holdings with RBI for SGL	Quarterly	
3	Account balance confirmation certificate for NPS services to PFRDA	Monthly/Yearly	
4	Submission of Compliance Certificate under Retirement Advisory Regulations of PFRDA	Yearly	
5	Certificate for Compensation paid to subscriber PRAN accounts for NPS services	As and when payment made	
<b>D</b>	<b>Management Certificates</b>		
1	Certificate for incentive amount calculation and performance matrix	Yearly	
2	Certificate for calculation of employee wise incentive amount	Yearly	
3	Confirmation for unfreeze of KYC compliant DP client	As and when required	
4	NSDL & CDSL Compliance Certificate	Half yearly	
5	Confirmation for DP KYC Reconfirmation	As per Depository mail	
6	Certificate to Insurance clients for Custodial operation	Yearly	
7	Monthly MIS report for grievances for NPS services	Monthly	

### Scope of Central Audit

**List of Branches as on May 31, 2022**

<b>Master Sr. No.</b>	<b>Region Sr. No.</b>	<b>Region with Branches</b>
		<b>Mumbai ( HO) – Total – 2</b>
1.	1.	Mahape
2.	2.	Centre Point
		<b>Mumbai – Total No. of Branches - 20</b>
3.	1.	Andheri
4.	2.	Borivali
5.	3.	Chembur
6.	4.	Dadar
7.	5.	Dombivali
8.	6.	Fort
9.	7.	Ghatkopar
10.	8.	Goregaon
11.	9.	Kalyan
12.	10.	Kharghar
13.	11.	Mahalaxmi
14.	12.	Mulund
15.	13.	Nariman Point
16.	14.	Parel
17.	15.	Thane
18.	16.	Vasai
19.	17.	Vashi
20.	18.	Vikhroli
21.	19.	Vile Parle
22.	20.	Goa – Panjim
		<b>Maharashtra (Excl. Mumbai) – Total No. of Branches – 17</b>
23.	1.	Ahmednagar
24.	2.	Amravati
25.	3.	Aurangabad
26.	4.	Chinchwad
27.	5.	Chandrapur
28.	6.	Ichalkaranji
29.	7.	Jalgaon
30.	8.	Kolhapur
31.	9.	Nagpur – Dhantoli
32.	10.	Nagpur – 2
33.	11.	Nanded
34.	12.	Nashik

Scope of Central Audit

35.	13.	Pune – JM Road
36.	14.	Pune – Agarkar Nagar
37.	15.	Pune – Pimple Saudagar
38.	16.	Sangli
39.	17.	Yawatmal
		<b>Gujarat– Total No. of Branches - 24</b>
40.	1.	Ahmedabad – Ashram Road
41.	2.	Ahmedabad – IFCI Tower
42.	3.	Ahmedabad – Maninagar
43.	4.	Ahmedabad – Motera
44.	5.	Ahmedabad – Satellite
45.	6.	Anand
46.	7.	Bharuch
47.	8.	Bhavnagar
48.	9.	Gandhinagar
49.	10.	Gandhidham
50.	11.	Jamnagar
51.	12.	Junagadh
52.	13.	Mehsana
53.	14.	Navsari
54.	15.	Porbundar
55.	16.	Rajkot – Kalawad
56.	17.	Rajkot – Sadar Bazar
57.	18.	Surat – Adajan
58.	19.	Surat – Ring Road
59.	20.	Surat – New Citylight Road
60.	21.	Vadodara – Karelilbag
61.	22.	Vadodara – Racecourse Road
62.	23.	Vadodara – Sayajigunj
63.	24.	Visnagar
		<b>Delhi, NCR &amp; Haryana – Total No. of Branches - 13</b>
64.	1.	Ambala
65.	2.	Delhi – Bhikaji Cama
66.	3.	Delhi – Janakpuri
67.	4.	Delhi – Janpath
68.	5.	Delhi – Karkardooma
69.	6.	Delhi – Milap
70.	7.	Delhi – Nehru Place
71.	8.	Delhi – Pithampura
72.	9.	Ghaziabad
73.	10.	Greater Noida
74.	11.	Gurgram

Scope of Central Audit



75.	12.	Karnal
<b>Master Sr. No.</b>	<b>Region Sr. No.</b>	<b>Region with Branches</b>
76.	13.	Noida
		<b>Uttar Pradesh and Uttarakhand – Total No. of Branches – 14</b>
77.	1.	Agra
78.	2.	Bareilly
79.	3.	Gorakhpur
80.	4.	Jhansi
81.	5.	Kanpur - Krishna Tower
82.	6.	Lucknow
83.	7.	Meerut
84.	8.	Mugalsarai
85.	9.	Prayagraj (Allahabad)
86.	10.	Varanasi
87.	11.	Varanasi – 2
88.	12.	Dehradun
89.	13.	Haridwar
90.	14.	Haldwani
		<b>Bihar, Jharkhand &amp; Chattisgarh – Total No. of Branches – 11</b>
91.	1.	Bhagalpur
92.	2.	Muzaffarpur
93.	3.	Patna
94.	4.	Bokaro
95.	5.	Dhanbad
96.	6.	Hazaribagh
97.	7.	Jamshedpur
98.	8.	Ranchi
99.	9.	Bhilai
100.	10.	Bilaspur
101.	11.	Raipur
		<b>Punjab, J&amp;K, Himachal Pradesh, Chandigarh, Haryana (Part) – Total No. of Branches – 14</b>
102.	1.	Amritsar
103.	2.	Bhatinda
104.	3.	Chandigarh
105.	4.	Jalandhar
106.	5.	Jammu
107.	6.	Ludhiana
108.	7.	Moga
109.	8.	Mohali
110.	9.	Panchkula

Scope of Central Audit

111.	10.	Pathankot
112.	11.	Patiala
113.	12.	Phagwara
114.	13.	Shimla
115.	14.	Solan
		<b>Rajasthan and Madhya Pradesh – Total No. of Branches – 15</b>
116.	1.	Ajmer
117.	2.	Alwar
118.	3.	Bikaner
119.	4.	Jaipur – Malviya Nagar
120.	5.	Jaipur – Sangam Tower
121.	6.	Jodhpur
122.	7.	Kota
123.	8.	Sriganganagar
124.	9.	Udaipur
125.	10.	Bhopal
126.	11.	Bhopal – Koh-e-Fiza
127.	12.	Gwalior
128.	13.	Indore
129.	14.	Jabalpur
130.	15.	Ujjain
		<b>Karnataka – Total No. of Branches – 20</b>
131.	1.	Bangalore – JC Road
132.	2.	Bangalore – Jaya Nagar
133.	3.	Bangalore – Koramangla
134.	4.	Bangalore – Malleswaram
135.	5.	Bangalore – Yalahanka
136.	6.	Bagalkot
137.	7.	Belgaum
138.	8.	Bellary
139.	9.	Davangere
140.	10.	Dharwad
141.	11.	Gulbarga
142.	12.	Hassan
143.	13.	Hubli
144.	14.	Karkala
145.	15.	Kundapur
146.	16.	Mangalore
147.	17.	Mysuru
148.	18.	Raichur
149.	19.	Shimoga
150.	20.	Udupi

Scope of Central Audit

		<b>Andhra Pradesh &amp; Telangana – Total No. of Branches - 16</b>
151.	1.	Hyderabad – Ameerpet
152.	2.	Hyderabad – Dilsukhnagar
153.	3.	Hyderabad – Himayat Nagar
154.	4.	Kukatpully
155.	5.	Guntur
156.	6.	Kakinada
157.	7.	Kurnool
158.	8.	Nizamabad
159.	9.	Nellore
160.	10.	Rajamundry
161.	11.	Secunderabad
162.	12.	Secunderabad – Sainikpuri
163.	13.	Tirupati
164.	14.	Vijaywada
165.	15.	Vishakapatnam
166.	16.	Warangal
		<b>Tamil Nadu &amp; Kerala – Total No. of Branches – 25</b>
167.	1.	Chennai – Adyar
168.	2.	Chennai – Anna Nagar
169.	3.	Chennai – Moore Street
170.	4.	Chennai – Mylapore
171.	5.	Chennai – Porur
172.	6.	Chennai – T Nagar
173.	7.	Chennai – Tambaram
174.	8.	Chennai – Velachery
175.	9.	Chennai – West Mambalam
176.	10.	Coimbatore
177.	11.	Erode
178.	12.	Karaikudi
179.	13.	Karur
180.	14.	Madurai
181.	15.	Puducherry
182.	16.	Salem
183.	17.	Trichy
184.	18.	Tuticorin
185.	19.	Calicut
186.	20.	Kannur
187.	21.	Kochi
188.	22.	Kollam
189.	23.	Kottayam
190.	24.	Thrissur

Scope of Central Audit

191.	25.	Thiruvananthapuram
		<b>East &amp; North East - West Bengal, Odisha, Assam &amp; Tripura – Total No. of Branches – 13</b>
192.	1.	Agartala
193.	2.	Bhubaneswar
194.	3.	Cuttak
195.	4.	Guwahati
196.	5.	Haldia
197.	6.	Jorhat
198.	7.	Kolkata – NIC Building
199.	8.	Kolkata – Salt lake
200.	9.	Rourkela
201.	10.	Silchar
202.	11.	Tinsukia
203.	12.	Kalyani
204.	13.	Rashbehari

## **Scope of Audit of HWD and Training activities**

### **HWD**

1. Attendance of employees
2. Maintenance of leave records and verification of leave applications
3. Training conducted - Approvals and payment procedure
4. Promotions
5. Resignations
6. **Audit and certifications for Increment & Incentive** – Certification for incentive amount calculation with performance matrix and board approved policy. Verification and certification of distributable amount among employees. (UDIN Certification)

### **Training Activities**

1. Billing
2. Recovery of outstanding from clients

### **Finance**

Payroll of employees

**Scope of Audit of Administration activities**

1. Functioning of Mail counter
2. Procedure for Hiring of vehicles
3. Review of Training activities
4. Procedure for Purchase / Sale / Leasing of property
5. Review of Pantry activities
6. Procedure for Medical reimbursements, Hospitalization expenses, LFC
7. Purchase of office equipments, stationery, etc.
8. Disbursements / Authorization / Repayment of loans
9. Maintenance of Telephones, Lease lines
10. Review of AMC's for Air-conditioners, EPABX, Fax machine, Xerox machine, water filters, etc.
11. Review of House-keeping activities
12. Maintenance of Gymnasium
13. Purchase procedures for IT (PC's, Hardware, Software, etc) / Premises
14. Procedure for invitation and processing of quotations / tenders
15. Whether approved by Purchase Committee / Management Committee
16. Whether terms of purchase / contract as per approval
17. Review of terms of payments (full / part payments)
18. Whether proper documentation done.

### **Scope of Audit of Professional Clearing Member (PCM)**

1. Verification of Trading Member / Clearing Member Agreement, Verification of Tariff.
2. Adherence to Base Capital and Additional Base Capital Requirements.
3. Verification of details on Approved users and Authorized persons.
4. Adherence to Collateral specifications and limits.
5. Adherence to Disclosure norms.
6. Verification of Upfront margin collected from clients – Form, Value (with appropriate haircuts).
7. a. Verification of Mark to Market margin collected from clients – Form, Value.  
b. Verification of penalty levied by Exchange & Collection of same from the client/s
8. Physical verification of Collaterals collected.
9. Audit of Transactions:
  - a. Trades.
  - b. Bills (MTM Profit or Loss, Premium payable or Receivable, SHCIL's service charges)
  - c. Initial Margin / Mark to Market margin – Inflow, Outflow, and Transfer.
11. Cash book and Bank book
12. Verification of Records:
  - a. Settlement obligation received from Clearing Corporation/ Clearing House
  - b. Correspondence with the Clearing Corporation / Exchange
  - c. Instruction obtained in writing from clients and other correspondence with clients
  - d. Margin reporting to the Exchange
  - e. Payment of Statutory Charges
  - f. Submission of Statutory requirements.
13. Institutional Clients:
  - a. Verification of physical orders and copies of fax instructions
  - b. Bills and Brokerage payments.

**Scope of Audit of Finance activities – Custody, Depository  
Participant & Corporate segment**

**A. GENERAL:**

1. Proper maintenance of ISA and corporate accounting
2. Income reconciliation according to the nature of transactions – client-wise, preservation of pay-in-slip with client ID no.
3. Proper maintenance of Cash book and Bank book. Periodic verification of Cash book. Ensure that the Branch / FC do not carry heavy cash in hand.
4. Cash and Bank book vouching – whether expenses made are within prescribed powers.
5. Periodic reconciliation of Branch A/c with the Bank statement both in respect of ISA as well as Corporate A/c including stale cheques.
6. Proper recording and checking of imprest account and amounts spent out of it
7. Review all outsourcing agencies, if any
8. Settlement of inter office transaction
9. Internal check and control for Expenses, Fixed Assets. Checking of vouchers, Approval, etc. Verification of Fixed Assets.
10. Review of billings dispatched to the clients and their realization and reconciliation with Head office. No waiver / concession should be granted on the bills without approval from the Head office except penal interest
11. Security of overdue statement and age-wise analysis of doubtful receivables
12. Tax deducted at source on payments made
13. Inter branch reconciliation and balance confirmation
14. Inter product reconciliation and balance confirmation
15. Accounts operated at Head office need not be covered at branches

**B. INCOME:**

1. Proper maintenance of ISA and Institutional accounting
2. Billings:
  - a) Programme, Period and dispatch
  - b) Collection
  - c) Overdue bills
  - d) Institutional clients
  - e) Clearing member
  - f) Retail clients
3. Income Reconciliation:
  - a) Head-wise e.g. Account opening, Demat, Trade and other business, etc.
  - b) Scrutiny of overdue statement and age-wise analysis of receivables
  - c) Identification of doubtful receivables



**C. EXPENDITURE:**

1. Proper maintenance of Corporate accounts
2. Review of Deployment of funds
3. Proper maintenance of Cash book and Bank book, verification of monthly Reconciliation of Bank book with Bank statement
4. Review of follow-up of all pending items of Bank Reconciliation statement
5. Review of branch reporting, verify that Branches / FC's do not carry heavy Cash in hand / Bank balance
6. Checking of Reconciliation between Branches and HO
7. Verification of all claims acknowledge and paid
8. Scrutiny of all payments made for Capital expenditure and to review the procedure for scrutiny and timely follow-up for delivery of such capital assets
9. Ensuring that no Capital expenditure to be debited to revenue account
10. Review of NSDL bills approved and paid by SHCIL
11. Review of terms and payment to outsourcing agencies
12. Deduction of tax at source and its timely payment to Central Government
13. Proper recording and maintenance of supporting, voucher, approval, etc
14. Review of any compensation paid / losses suffered
15. Review of CPS payments for all branches across PAN India.
16. Review of Bank reconciliations of all regions.
17. Review of Cash vouchers of all branches across PAN India.
18. Review of Trial balances of all branches across PAN India.

**D. Important points:**

1. Whether cash withdrawals have been recorded in cash and bank book appropriately
2. Whether the bank reconciliation has been done and the amount represented in the bank reconciliation have been dealt with in the subsequent periods properly
3. Are the entries made in cash and bank book, supported by appropriate vouchers.
4. Whether all vouchers are authorised by the appropriate person/s as per the Delegation of Powers
5. Is the beneficiary and authoriser of the voucher a different employee/person, if not, please specify instances
6. Whether all the vouchers relating to cash and bank book have been entered in the cash and bank book
7. Whether the supporting attached with the vouchers tally with the amount entered in the system
8. Whether tour programs of officials are approved by the appropriate authorities prior to the tour
9. Whether there has been any post dated supporting attached to any vouchers
10. Whether any vouchers have been authorised / attached with photo copies rather than original bills

11. Whether there is any duplication of payment / voucher and if so whether it has been rectified
12. Whether all vouchers have been marked as paid and cancelled
13. Whether cash book was maintained and tallied on daily basis

**E. Other Areas:**

1. **Physical Verification of Fixed Assets as per Fixed Assets Register:**  
Auditors to carry out physical verification of fixed assets as per fixed assets register on a yearly basis and certify that “we have physically verified fixed assets at all branches and they are in agreement with fixed assets register (FAR)”. Also a hard copy of FAR should be obtained from branch managers and be certified by the auditors and should be enclosed with the report.
2. Quarterly certification of Trial Balances of the all branches across regions includes E-stamping, E-registration and E-Court.
3. Issue of Quarterly finance audit report region wise with management comments.
4. Issue of quarterly E-stamping certificates.

**F. CORPORATE:**

1. Bank Reconciliation for 17 bank accounts across all the regions in the country.
2. Verification of all the bills and vouchers. Whether all the payment vouchers are authorized by the respective Branch heads, Area Managers and Regional Managers (As per DOP and approvals).
3. Verification of maker and checker concept. Branch will make initial payments request at branches for each payment (makers) and same will be approved by the checker and payment request will flow to H.O. through CPS module.
4. Verification of all payments request generated in the CPS module along with the corresponding original bills (except utility bills) received and approvals thereby and payable entries are generated by the corporate accounts department (makers), then checkers from corporate accounts department will verify the bills and approve the same for generating payment vouchers.
5. Petty Cash at branches are handled through HDFC Happay Cards, Once cash is loaded in the cards through CPS module, it is booked as imprest in the respective branch books, when employee withdraw cash from the card, amount withdrawn will be reduced from the imprest balance of the branch and debited as advance in the name of employee. This advance will be squared-off through duly approved cash vouchers.
6. Verification of payment vouchers along with proper approval and bills to Head office and the date on which advance will be reversed.

**G. ISA Accounts**

1. Verification of Daily bank reconciliation statements for each of the bank accounts opened for all each regions. (17 bank accounts)

2. Verification of refunds towards closure of client accounts across PAN India basis.
3. Audit for Pan India branches.

**H. GST scope**

1. Verification of GST input credit availed
2. RCM liability created and paid on bills where ever applicable.

**Scope of Audit of Government of India (GOI) Bonds & Sovereign Gold Bond (SGB)**

To check whether the necessary documents are completed and properly filed and maintained including:

**1. Application for Bond ledger account**

- a) Correctness of the data captured in the back office software
- b) Register of Bond ledger accounts
- c) Register of nominations
- d) Forms of nominations / cancellation
- e) Scrolls submitted to CAS and RBI
- f) Statements submitted to PDO
- g) For Online Applications (with e sign), checking of availability of application forms

**2. Receipt of Money and Remittances**

- a) Timely creation of BLA's and issue of Certificate of holding
- b) Record of cheques returned unpaid/ represented
- c) Subscription amounts – Verify the date of receipt / realization and payment to RBI
- d) Payments issued by the Corporation but not encashed by clients as on the quarter end.

**3. Checking of Income and Expenditure:**

- a) Periodical interest payments to Investors
- b) Redemption Payments to Investors
- c) Commission paid to Business Associates on mobilization
- d) Checking of bills raised on RBI for service charges (only for Relief Bonds).

**4. Compliance**

- a) Checking validity of PAN with Income Tax and NSDL site.
- b) Checking compliances with Income tax for 15G, 15H, 197 certificate
- c) Checking of whether the invoices uploaded by registered brokers in GST 1 Return

**5. Audit and Certification of Redemption of GOI Bond**

- a) Daily audit & certification of redemption of GOI bond (UDIN)
- b) Half yearly audit and certification of interest on GOI Bond (UDIN)
- c) Daily concurrent audit for subscription of GOI Saving Bonds

**6. Finance:**

- a) Bank Reconciliation, checking current balance confirmation certificate with reconciliation and bank book. Match Bank statement balance and Balance confirmation
- b) Checking old outstanding balances
- c) Ledger Scrutiny
- d) Debtors Ageing
- e) Income received from RBI including Brokerage/ Commission/ Handling and Service Charges
- f) Enlisting of cheques issued but not cleared or bounced.
- g) Checking compliance with TDS, GST Payments
- h) Reimbursement of Receivable from RBI

**Sovereign Gold Bond**

- a) Checking of bills raised on RBI
- b) Checking of amounts received from branches and reconciliation
- c) For Online Applications – Checking of availability of application forms.

**Finance:**

- a) Bank Reconciliation
- b) Checking old outstanding balances
- c) Ledger Scrutiny
- d) Debtors Ageing

**Others:**

- a) Timely reporting to RBI
- b) Comment on time lag between Receipt of subscription and issue of Certificate of holding
- c) Transfer / Transmission cases. In transfer / Transmission cases, to verify that the COH's are defaced with stamp "Cancelled"
- d) To verify that the application forms are stamped with the BROKER CODE stamp or a DIRECT stamp.

## **Scope of Audit of Third party products**

### **General:**

If no transaction has occurred during the period, then the Internal Auditor is required to comment “NIL”.

SHCIL is the distributor of units/bonds of various mutual fund/ Financial institutions. Our income is in the form of regular commission/ additional commission/ trail commission which we receive from MF's / FI's.

Our expenses are commission payments to sub-brokers who act as SHCIL's agent. Normal pay – out rate is 75% of the income received. In case, the pay-out rate is higher than 75%, an approval is required to be put in place as per existing Delegation of Powers (DOP).

### **Verification of the following:**

1. Accounting – Booking of income and expenses
2. Generation of payables for franchisees
3. Statutory obligations – TDS, GST payments
4. Bank Reconciliation statement
5. Inter-branch reconciliation
6. Income pending allocation
7. Claim from fund houses for commission and expenses reimbursement as per terms agreed with them are being billed and collected
8. Pay out to franchisee as per approval

### **9. Finance:**

1. Accounting – Booking of income and expenses
2. Transfer of Income booked from Head Office to Branches / BAs
3. Statutory obligations – TDS, GST
4. Bank Reconciliation statement
5. Inter-branch reconciliation
6. Pay out to franchisee as per approval

## **B. SCOPE OF AUDIT FOR BUSINESS ASSOCIATE SERVICE SYSTEM:**

1. Random Checking of payments of commission.

### **Scope of Audit of Mahape Premises**

1. Verification of payments for Mahape premises and other payments relating to Capital Works.
2. Verification of payments at any other premises relating to capital works & works contracts.
3. Verification of payments pertaining to Mahape Premises, Center Point Premises and Training Building.
4. Quarterly report on capital works in progress.
5. To check whether all payments are as per contract and as per approvals.

**Scope of Audit of Subsidiary General Ledger  
(SGL)/Constituents' SGL (CSGL) & Investment function**

Operation/ Settlement/ System & Procedure/ Accounting/ Documentation/  
Reporting and Compliance (Mumbai & FC centres)

1. Account opening and closing formalities and procedures
2. Purchase:
  - a) Receipt and verification of instruction from clients
  - b) System entries and deal slip generation
  - c) Fund confirmation
  - d) Settlement in NDS
3. Sales:
  - a) Receipt and verification of instructions from clients
  - b) System entries and deal slip generation
  - c) Securities balance confirmation
  - d) Settlement in NDS
4. Conversion and transfer request from clients
5. System and procedure
6. Benefits and Redemptions
7. Timely payments and reporting to clients – Holding, Transaction and benefits
8. Investment undertaken by the SGL department (Mumbai)
  - a) Checking of Fund flow statement
  - b) Investment approval & limits
  - c) Critical analysis of investment avenues
  - d) RBI Fund flow statement
  - e) System and procedure
  - f) All accounting entries including income booking relating to above.
9. Reporting and Compliance issues (RBI/ CCIL/ Legal/ Section 372/ Client Instruction / others, if any)
10. CSGL Billings procedure and invoices.
11. Verification of client wise Collateral Margin balances as per SGL Books with CCIL records at every quarter end.



## **Scope of Audit of Gold Rush**

### **Operations Audit**

1. Purchase and Sale Register.
2. Stock Register to be tallied with MPIPL Stock Certificate quarterly basis.
3. Random audit of KYC documents collected.
4. Allotment data from the subscription file.
5. Customer Complaints / feedback.
6. Original Purchase invoice from MPIPL.
7. Dispatch and Delivery.

### **Finance Audit**

1. Bank reconciliation & Balance Confirmation.
2. Accuracy and Timeliness of computation of GST liability & input.
3. Accuracy and Timeliness of Payment to MPIPL and other payments.
4. Business Associate Commission payments.
5. Verification of Trial Balance on quarterly basis.

### **MPIPL**

1. Audit to be done for the gold stored in their vault on behalf of Stock Holding.
2. Audited quarterly stock certificate.

## **Scope of Audit of e-Services operations & Finance – Mahape**

### **e-Stamping operation - Mahape**

1. Creation of User Ids in the system
2. Imprest update process
3. Reset of certificates
4. ACC agreements
5. Receipt of requirement for colour stationery and dispatch to region.
6. The audit would be conducted for e-Stamping, e-Registration and e-Court Fee systems.
7. ACC registration forms to be checked on sample basis for completeness and accuracy in the system.
8. Age wise unclaimed credits.

### **e-Stamping - Finance**

1. Updated system data from SRO counters and Authorized collection centres, issuing the e-Stamp and collecting the stamp duty, and verify the commission paid to ACC
2. Proper maintenance of Cash book and Bank book
3. Checking of Reconciliation between branch and HO
4. Checking of scroll balance (e-stamping) with HO Ops.
5. Proper maintenance of e-stamping accounts
6. Certification of Trial balance
7. Audit of E-Court and E Registration: Scope similar to the scope of audit for E-Stamping (including cash and bank reconciliations and certifying Trial Balance)
8. To verify calculation and payment of commission to Lead Generation Agents.
9. Ledger Scrutiny and Checking Old Outstanding balances
10. Checking compliance with TDS & GST payments.
11. Verification of Bank Reconciliation and review of follow up of pending items in Bank Reconciliation in co ordination with operation team.
12. And certifying the Trial Balance is carried out as part of Scope of E- stamping Internal Audit for both finance and operations areas.
13. Checking regular payments to LGAs and ACCs (including lower denomination ACCs)

## **Scope of Audit of Sub-broking Activities**

### **A. Voice Logger System**

1. To verify working of the Voice logger, wherever there is an active dealer, inclusive of both branches and CDR
2. To do a random check on the Voice logger data

### **B. Grievance Register**

1. Register for client complaints/ grievance.

### **C. Finance**

1. Bank reconciliation & Balance Confirmation.
2. Accuracy and Timeliness of GST payments, computation of GST liability & input.
3. Verification of Trial Balance on quarterly basis

## **Scope of Audit of National Pension Scheme (NPS) activities**

### **Monthly, quarterly, half yearly and yearly basis**

#### **Verification and Audit of following reports submitted:**

##### **1. Operations**

- a. Generation of PRAN viz a viz system entry.
- b. Timely loading of contribution received from the date of clear funds for initial and subsequent contributions.
- c. Timely submission of Common subscriber registration form (CSRF 1) to CRA/CRA-FC.

##### **2. Other Transaction Details**

- a. Change in subscriber's personal details
- b. Change in Investment scheme/ Pension Fund
- c. Processing of withdrawal requests
- d. Processing of request for subscriber shifting
- e. Issuance of printed account statement
- f. Change in subscriber's nomination details

##### **3. Grievance redressal system** from CGMS and direct (through branches)

##### **4. Compliance – Reporting to NPS Trust**

- a. Submission of periodic Monthly MIS Reports (Annexure 2.4 and 9) by 10<sup>th</sup> of next month.
- b. In case of deviation from service level standards submission of Quarterly Exception Reports (Annexure 2.1, 2.2 and 2.3) by 10<sup>th</sup> of next month.
- c. Submission of Compliance Certificate (Annexure 3) at Half yearly within fifteen days of half year ending.
- d. Submission on Annual basis (before 30<sup>th</sup> April every year) details of cash held (certified by Compliance Officer and External Auditor) Annexure 5.
- e. Submission of Annual Internal Audit Certificate I, II and III (within three months from the date of closure of accounts).

##### **5. Compliance – Reporting to PFRDA**

- a. Cyber security certificate–Half Yearly Annexure I and Annexure II (to be submitted on letterhead within 30 days from end of Financial year)
- b. Submission of Certificate Annexure IV – Annual before 31<sup>st</sup> October Any other reports/ MIS as specified in PFRDA (POP) Regulations
- c. All the certifications should have UDIN as per ICAI guidelines.

##### **6. Finance**

Scope of Central Audit

- a. Delay in fund transfer to Trustee bank post receipt of clear funds for initial and subsequent contributions.

The Auditor should refer the checklist issued by PFRDA and follow the guidelines mentioned hereunder:

**Checklist for Risk based Audit of Point of Presence (PoPs)**

Sr No	Details	Comments of auditor on the observations	Response of Auditee on Remarks of Auditor	Samples Covered
	Subscriber Registration & Prevention of Money Laundering			
1.	Whether applicants were provided appropriate explanation to the application in case of rejection of application at the collection stage?	YES/NO/NA		25 transactions Per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
2.	Whether PoP carried out KYC verification as per the Guidelines prescribed by PFRDA?	YES/NO/NA		
3.	Whether PoP delivered Subscriber Registration Form and supporting documents to CRA/CRA-FC within time frame? Prescribed turnaround time: T+2 from district level, T+7 for other location, T is the date of receipt of complete Subscriber registration form	YES/NO/NA		
	Subscriber's Contribution Submission-Initial Contribution			
1.	Whether POP issued NCIS contribution slips to the subscriber and retained copies of the same?	YES/NO/NA		25 transactions Per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
2.	Whether PoP prepared and uploaded Subscriber Contribution File (SCF) into CRA system simultaneously after processing the subscriber's contributions and before remitting funds to Trustee Bank within the turnaround time? Prescribed turnaround time: T + 1, where T is the date of receipt of clear funds by POP.	YES/NO/NA		

3.	Whether POP transferred the clear funds to Trustee Bank account in T+1 days? Where T–date of clear funds received in collection account.	YES/NO/NA		
4.	Whether POP is adhering to the Code of Conduct as specified under Regulations	YES/NO/NA		

Sr No	Details	Comments of auditor on the observations	Response of Auditee on Remarks of Auditor	Samples Covered
<b>Subsequent Contribution Submission (Tier I &amp; Tier II)</b>				
1.	Whether POP issued NCIS contribution slip to the subscriber and retained copies of the same?	YES/NO/NA		25 transactions Per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
2.	Whether PoP prepared and uploaded Subscriber Contribution File (SCF) into CRA system simultaneously after processing the subscriber's contributions and before remitting funds to Trustee Bank within the turnaround time? Prescribed Turnaround time: T+1, where T is the date of receipt of clear funds by POP	YES/NO/NA		
3.	Whether POP transferred the clear funds to Trustee Bank account in T+1 days? Where T–date of clear funds received in collection account.	YES/NO/NA		
4.	Whether POP is using Payment Gateway(s) to accept contribution from subscribers under NPS? Specify the name of Payment Gateway being used.	YES/NO/NA		
5.	In case of use of online modes – ECS, Net banking and Payment Gateway(s), whether subscribers are charged extra fee as per the manner and limits prescribed under Regulation, guidelines & circulars issued by PFRDA	YES/NO/NA		

6.	In case of use of ECS, Net banking and Payment gateway(s) for accepting the NPS contributions by POP, the upload of SCF are being done in T+1 days? Where T is date of clear funds received by the POP.	YES/NO/NA		
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7.	In case of use of ECS, Net banking and Payment gateway(s) for accepting the NPS contributions by POP, whether funds are being transferred within T+1 days? Where T is date of receipt of clear funds with POP.	YES/NO/NA		25 transactions Per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
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<b>Handling of Withdrawal /Exit Requests</b>				
1.	Whether Subscriber's request for withdrawal / exit processed/ uploaded on same day into the CRA system by PoP, if such request received within banking hours for public?	YES/NO/NA		25 transactions Per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
2.	Whether Subscriber's request for withdrawal/exit processed/uploaded into the CRA system on next working day (T+1) by PoP, if such request received after banking hours for public?	YES/NO/NA		
3.	Whether PO Previewed the withdrawal request and informed about the pending requirements to the subscriber on the same day?	YES/NO/NA		
4.	Whether POP communicated the pending requirements (as received by CRA) in the withdrawal request to subscriber on the same day?	YES/NO/NA		

5.	Whether POP has sent the original physical copy of the withdrawal forms to CRA for recordkeeping purpose after authorisation of claims in CRA system?	YES/NO/NA		
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Sr No	Details	Comments of auditor on the observations	Response of Auditee on Remarks of Auditor	Samples Covered
	Handling of Other Transactions			
1.	Whether subscriber’s request for shifting of POP was uploaded into the CRA system by PoP within T+1 days., T–date of request received by POP?	YES/NO/NA		25 transactions Per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
2.	Whether subscriber’s request for reissue of IPIN/TPIN was uploaded into the CRA system by PoP within T+1 days, T–date of request received by POP?	YES/NO/NA		
3.	Whether subscriber’s request for change of address/nominee/bank account etc. was uploaded into the CRA system by PoP within T+1 days, T–date of request received by POP?	YES/NO/NA		
	Handling of Subscriber’s Grievances			
1.	Number of subscriber grievances received during the year, including CGMS of CRA.	YES/NO/NA		
2.	Number of subscriber grievances resolved CGMS of CRA.	YES/NO/NA		
3.	Number of subscriber grievances pending as on the last day of the year, including CGMS of CRA.	YES/NO/NA		
4.	Whether the grievances raised against the POP/POP-Spare resolved within the timelines specified by PFRDA, including CGMS of CRA?	YES/NO/NA		



5.	Whether designated email-id for NPS subscriber grievance is created and informed to the CRA and displayed on the website of the Point of Presence?	YES/NO/NA		
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Sr No	Details	Comments of auditor on the observations	Response of Auditee on Remarks of Auditor	Samples Covered
<b>Servicing and Risk Management Systems</b>				
1.	Whether proper systems are in place to ensure timely subscription collection and issuance of acknowledgement in lieu of the receipt of subscriptions from the subscriber before MIS formats are uploaded into the CRA system?	YES/NO/NA		Audit Period
2.	Whether POP is uploading mandatory MIS in CRA system on daily basis/as and when required?	YES/NO/NA		Audit Period
3.	Whether deviations reported in Exceptions reports(Annexure 7.1, 7.2 & 7.3 of Operational Guidelines) submitted to NPS Trust matches with the actual transactions made by the POP?	YES/NO/NA		At least 3 months (Quarter 4 of the FY) data to be compared and deviations to be reported
4.	Whether no cash dealings with subscribers are done in violation of the prescribed norms (Collection of copy of PAN for amounts exceeding Rs.50000/-) for non-subscribers (if already)	YES/NO/NA		During Quarter 4 of the FY
5.	Whether subscribers' funds are misutilised (not being remitted to NPS system despite collection from subscriber without any justifiable reason)? If misutilised, instances to be provided	YES/NO/NA		Audit Period

### Scope of Central Audit

6.	Whether POP is charging the extra fee from subscribers which are not permitted under the Regulation guidelines & circulars issued by PFRDA in this regard?	YES/NO/NA		Audit Period
<b>Handling of Books of accounts, records and registers</b>				
1.	Whether Point of Presence maintains separate bank account for NPS subscriber funds and own funds?	YES/NO/NA		Audit Period
2.	Whether POP has returned the rejected NPS Registration form along with documents and fund to subscriber?	YES/NO/NA		Audit Period
3.	Whether POP is maintaining the records of registration applications received and submitted to CRA and whether PRAN has generated for such records?	YES/NO/NA		Audit Period
4.	Whether POP is maintaining the details of money received from the subscribers—in cash, by cheque, or any authorized form of remittance?	YES/NO/NA		Audit Period
5.	Whether POP is maintaining the details of subscriber-wise money remitted to the Trustee Bank?	YES/NO/NA		Audit Period
6.	All quarterly compliance certificates submitted to NPS Trust are checked	YES/NO/NA		Audit Period
<b>Others matter to be examined by the auditor in addition of above</b>				
1.	Whether POP has carried out monthly reconciliation of the NPS Trust Collection account and maintained the reconciliation statement.	YES/NO/NA		Audit Period
2.	No. of unreconciled transactions in the NPS Trust Collection account at the end of last month of Financial Year.	YES/NO/NA		Audit Period
3.	Total unreconciled amount in the NPS Trust Collection account at the end of last month of Financial Year.	YES/NO/NA		Audit Period

4.	Whether efforts were made by POP to resolve the unreconciled amount?	YES/NO/NA		Audit Period
5.	Whether POP is adhering to the Code of Conduct as specified Regulations.	YES/NO/NA		Audit Period
6.	Has the Internal Audit Report as per the requirement of POP guidelines issued by PFRDA been submitted by POP on Half Yearly basis.	YES/NO/NA		Audit Period
7.	Whether POP submitted to the National Pension System Trust, reports on monthly/quarterly basis or at such intervals in specified formats of its activities and the compliances with the guidelines.	YES/NO/NA		Audit Period
8.	Any other matters, which you may like to bring to the attention of the management of POP or NPS Trust?	YES/NO/NA		Audit Period

### **Reference Guidelines**

**The guidelines prescribed hereunder do not limit the scope of the audit and inspection. The points mentioned are only indicative in nature and not exhaustive. This has been prepared based on the regulatory requirement (as per relevant act, regulations and circulars) which keep on developing from time to time. The auditors should peruse them and update the scope of the audit. The auditors should clearly indicate ‘Yes’ indicating Compliance, ‘No’ indicating Non-compliance and ‘NA’ wherever ‘Not Applicable’.**

The report shall also include the following.

1. In case of any non-compliances/findings/observations/qualifications by the auditor the management comments/ responses should be obtained against each point. Further paragraph wise comments are required to be given by the management for corrective action taken as given in the format above.
2. Improvements brought about in the operations between the last audit and the current audit.
3. Auditor shall specifically declare about direct / indirect interest in or relationship with the Point of Presence or its shareholders / directors / partners / proprietors / management if any and also confirm that they do not perceive any conflict of interest in such relationship / interest while conducting audit of the said Point of Presence.

Scope of Central Audit

4. Membership number allotted by the affiliated professional body should be quoted at the bottom of the report as provided in the format. Each page of the report shall be signed and stamped by the auditor.
5. In case any violations/qualifications/observations are observed by the auditor the same shall be submitted as annexure with complete details and should be quantified specifying the no of instances, value etc. and the evidences should be enclosed with the Audit Report.
6. Sample size indicated in the format above is minimum sample size. The auditor may increase the sample size as it may deem fit. It is desirable that the sample selected is representative sample of the population.
7. The details of the sample checked by the auditor needs to be provided along with the report.
8. The audit report should be submitted to NPS Trust as per the report format specified above along with the POP management comments wherever non-compliance/adverse remarks are made by the auditor.
9. In case where audit report submitted is incomplete and not as per the guidelines like sample size not given, only certificate submitted without report, same would be treated as non-submission of audit report. NPS Trust reserves the right to advise the auditor to get the audit redone for completing the set audit process and format or change the auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.
10. If in the opinion of the auditors, any observation related to any area also possesses a risk relating to Anti Money Laundering (AML) or Combating Financing of Terrorism (CFT), then such observation should be highlighted clearly specifying the risk relating to it.
11. In case of deviations observed, the quantum of compensation as per prescribed Regulations and Operational Guidelines has been calculated, shared with the PoP and also mentioned in the report for submission to NPS Trust.
12. Please refer PFRDA Circular No.: 9/09/2011 PFRDA dated 24-Oct-2011 on scope of audit, PFRDA Circular No. PFRDA/02/05/104/0001/2017-RnS-POPs dated 15-Sep-2017 on audit of NPS related activities, PFRDA Circular No. PFRDA/17/05/13/0001/2017-SUP-POP dated 20-Jun-2018 on submission of Annexure 9 and PFRDA Circular No. PFRDA/2017/12/PoP/2 dated March 16<sup>th</sup> 2017 on NPS collection account.

## **Scope of Audit of Insurance Activities**

### **Insurance Activities:**

The auditor needs to verify the following:

1. Computer generated electronic Report which contains list of clients, details of policy such as type of policy, premium amount, date of issue of the policy, charges or fees received; (Business procurement entries need to be done by branches and Policy Reconciliation/ Income Receivables by raising GST Bills, Recoveries by H.O.)
2. A register which shall contain the name, address, telephone no, photograph, date of commencement of employment, date of leaving the service, if any, monthly remuneration paid to the specified person;
3. Verification of Trial Balance on quarterly basis ;
4. Compliance - IRDAI
5. Confirmation of Half yearly & Yearly Compliance filled with IRDAI by HO.
6. A statement on Business done through ISNP (Insurance Self Networking Platform) portal with Number of Policies, Amount of Premium collection & Income Generated required to be filled by HO.

### **Finance:**

1. Accounting – Booking of income and expenses
2. Transfer of Income booked from Head Office to Branches / BAs
3. Statutory obligations – TDS, GST
4. Bank Reconciliation statement
5. Inter-branch reconciliation

### **Scope of Audit of Custodial operation & Gold Custody**

1. SEBI Compliance.
2. Client accounts and agreements with client
3. Purchases & Sales (On test check basis).
4. Billing.
5. Holding Statement.
6. Corporate Action.
7. Physical verification of the Securities from Safe custody.
8. Withdrawal of Securities from Safe custody.
9. Gold Custody Audit – Physical verification of goods/documents thereof
10. Certificates to Insurance clients on yearly basis.

### **Finance Audit:**

1. Accounting-Income booking.
2. Inter-branch reconciliation.
3. Certification of Trial Balance on quarterly basis.
4. Accuracy and Timeliness of computation of GST liability & input, if any.
5. Bank reconciliation.
6. Brokerage Payments.
7. Debtors Ageing.

### **Scope of Compliance Audit**

Verification/ scrutiny of the various Compliance Certificates issued by the departmental heads/ compliance officers.

Do test/ sample audit of important compliances as specified under various Acts/ Rules/circulars.

### **Scope of Audit of Security System**

1. Key movement register as per Standard Operating Procedure (SOP). A copy of SOP should also be available with Branch Manager (BM).
2. Keys for Guard well – one employee to have only one key.
3. Door Keys – Should be with BM / Employee and not with anyone else.
4. Keys on offsite location – proper record should be maintained
5. Every door in the office which has a lock should be locked. Wherever there is no lock and there is provision for lock, a lock should be put.
6. Recording of each Camera should be checked every day by BM or an employee designated by BM. Everyday check for recording during the night for 10 -15 min around 11 – 11 :30 PM or 12 – 12:30 pm or any other time of the night. Ensure that a light is kept “ON” during the night near each camera.
7. Camera should cover the entry, the bullion display box and guard well/ safe containing the bullion. At each stage the face of the person must be clear. If it is not so, the camera settings should be modified. In case all the three (entry, display and guard well is not covered, additional camera should be placed).
8. The password of the PC where image is stored should be with BM only. If the BM is going on leave an employee may be designated and the same should be recorded through email with a cc to area manager. The person who is being handed over the password should change it and the same should be changed again when the BM joins back.
9. The password for burglar alarm should be followed in the same manner as point no 8. BM or one designated employee must check and ensure that the alarm is ‘ON’ while closing the office.
10. The safe for bullion should be of Godrej make and ground mounted only. If it is not so the arrangement needs to be reviewed and necessary changes like mounting within the guard well (if it is available) may be looked at. The present status must be intimated correctly so that necessary rectification steps can be made.
11. All Windows including the ones in the washroom should be checked for iron grill.
12. Doors of the washroom must have locking facility (at least a latch) from outside also.



### **Scope of Audit of Information Technology (IT)**

The Internal Auditor needs to verify the following:

- **AMC** - First of all, obtain the list of contracts (AMC) and get signed by the management for your working papers so that in future management will not say that you have missed that AMC
- On test check basis, select some AMC and obtain the copy of contract. - Carefully study the clauses of AMC and check whether the expenses booked according to clauses of AMC.

### **Finance**

- Check whether the TDS @ 2% as applicable in case of contractors if PAN no. is obtained or 20% in case of the specified contractor does not provide the PAN no has been deducted or not? -
- Is the expenditure booked in addition to amount specified in contract? If yes, obtain the revised copy of contract otherwise report to management
- Deposit of TDS deducted on it
- Bifurcation of amount into the expenditure to be booked and prepaid expense if the period specified in the contract exceeds the year ended. - Booking of AMC in accurate head i.e. have to see according to expenditure

## **Scope of Audit of National E-Repository Limited (NERL)**

### **NERL Process**

#### **1 : NERL Account Opening process at Branch level**

1. The client will approach Stock Holding Branch for opening of a Repository account and submit duly filled in NERL Account Opening form along with the other supporting documents as per prescribed guidelines of Repositories.
2. In Person Verification will be carried out by StockHolding official.
3. StockHolding officials will scrutinize NERL account opening form, KYC forms and other KYC documents submitted by client prior to acceptance.
4. If the NERL Account opening form, KYC application form does not meet the prescribed guidelines, the same will have to be returned to the client with a request for re-submission.
5. StockHolding Official needs to ensure the KYC documents are self-attested by the client and Verified with original stamp affixed on all copies of proof submitted by Client.
6. PAN verified stamp to be affixed on PAN copy submitted by Client.
7. SHCIL official details to be mentioned on ACOP form and KYC form wherever is applicable.
8. On acceptance of complied documents branch official should collect the AMC charges (if any) and generate Temp ID.
9. Upon generation of Temp ID, Branch Official has to give system generated acknowledgment copy to Client.
10. On generation of Temp ID, the NERL account opening form and other documents to be send to the HO ACOP team for further processing.

#### **2: Documents required for NERL account opening**

##### **2.1 Individual Category**

1. NERL Account opening form duly filled in all respect
2. CKYC application form duly filled in all respect.
3. In person verification of all holders on ACOP form and KYC form.
4. Self attested copy of PAN, Proof of identity and Proof of address of all the holders.
5. Cancelled pre-printed cheque leaf for bank details proof.

6. Farmer can put as EXEMP0000T instead of PAN card copy.
7. If the NERL account is opened in farmer category then ensure to collect 7/12 extract copy along with clear 7/12 number (PANI no)
8. Ensure signature of client on declaration form.

## **2.2 Body corporate accounts (Non Individual forms)**

1. Account opening form and KYC application form duly filled in all respect.
2. PAN Copy in the Name of Company is Mandatory for Corporate Account opening.
3. Address proof in the Name of Company is Mandatory for Corporate Account opening.
4. Copy of Balance sheet for the Last TWO financial year is required (to be submitted every year).
5. Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year).
6. Photograph, Proof of Identity, Proof of Address, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.
7. Photograph, Proof of Identity, Proof of Address, PAN of individual promoters holding control - either directly or indirectly.
8. Copies of the Memorandum of Association and Articles of Association are required.
9. Copy of Certificate of Incorporation is required.
10. Copy of the Board Resolution for investing in Commodity Market is required.
11. Details of Authorized signatories along with Photo and Signatures are required.
12. Supporting Documents should be attested by Whole time Director and person authorized to deal in Commodities on behalf of Company along with Company stamp.
13. Cancelled pre-printed cheque leaf for bank details proof.

## **3. NERL Account Opening process at HO level**

### **3.1 Initial Entry by Branch user**

1. After collecting all the documents from Client, Branch official needs to generate temp id (Account opening – initial accop entry) from back office and forward the scan copy of the same to HO Mumbai.
2. User path in Back office : Initial Accop Entry

### **3.2 Client Id generation on NERL website by HO user**

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1. On the receipt of document at HO, account opening entry for generation of Client ID is done on NERL website directly (<https://nerlindia.com>).
2. After successful entry of data on NERL website, account number gets generated.
3. User path in NERL system : Organisation – Create Beneficiary

### **3.3 Data entry in Back Office by HO user**

In NERL client enrolment process, data is captured in NERL website first then same transferred to Back office system. Data base is maintained in back office in two ways i.e. Manual process and File loading process

#### **3.3.1 Manual Process:**

1. Data can be updated in back office system manually by each record wise.
2. After generation of beneficiary account number on NERL web site, same will be mapped against temp Ids generated by Branch users in the Back office. Mapping activity is done by designated HO ACOP team official.
3. User path in Back office : ACOP - Contract / NERL – Account opening – client id updation
4. User will first enter the temp ID in given field then system will flash the Name of the holder against that temp ID. User then will enter the Beneficially/client ID generated on NERL web site and name of holder. After re-confirmation of entered details user will save the record.

#### **3.3.2 File loading process**

1. NERL provides the data in xls file on request.
2. File will be then converted in to CSV format in prescribed format and loaded in the Back Office through the options provided.
3. User Path in Back Office: Account opening – client Export upload
4. Key point to be remembers while converting file in CSV format  
Take Excel file from NERL open the same with open office  
Replace (,) with (~).  
Remove 2 (~) before PAN if 4 (~) are displayed in a file.

### **4: NERL Modification**

1. In case NERL client wants to modify any detail they can submit modification form (as per NERL Manual) to any StockHolding branch.

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2. Branch official will check whether modification form is duly filled and signed and send the scan of the same to HO ACOP team.
3. On receipt of such modification request, HO user will make changes on the NERL web site as well as in back office manually.
4. User path in NERL system :            Organization – view Beneficiary
5. User Path for modification in Back office: Account opening – client account closure.

#### **5: NERL CM-TM Mapping**

1. CM-TM mapping is also done at HO level.
2. Branch official will collect duly filled and signed request form (as prescribed by NERL) and send the scan copy of the same to HO ACOP team.
3. Designated official from HO ACOP team will scrutinized the documents as per the guidelines set by Repository.
  - a. Entry of complied cases will be made directly on NERL website.
4. User path in NERL system : CM – TM trading beneficiary id ma

#### **6: NERL closure:**

1. NERL closure request to be accepted in NERL prescribed format.
2. On receipt of such request from client, the branch user will check whether same is duly filled and signed and send a scan copy of the same to HO ACOP team.
3. On receipt of NERL Closure form, designated official from HO ACOP team will scrutinized the documents as per the guidelines set by Repository.
4. The complied case will be send to DP Billing team for NDC confirmation.
5. On receipt of confirmation from Billing team If pending dues are not there then status of the account will be changes as closed in back office as well as on NERL web site.
6. User path in Back office: Account opening – client account closure
7. User path in NERL system: Mater – Beneficiary closure

Please Note: We have to login through Admin login id and same can be closed but once closed account can't be reopened

8. If DP billing team reverted with pending dues for the client then related mail will be send to the conserved branch and branch in turn informs the client.
9. After recovery of pending dues from client, the process as mentioned above will be followed.

## **Scope of Audit of CDSL Commodity Repository Limited (CCRL)**

### **CCRL Account Opening process at HO level**

#### **A. Client Id generation on CCRL website by HO user**

1. On the receipt of document at HO, account opening entry for generation of Client ID is done on CCRL website directly ( <http://www.ccrl.co.in>)
2. User path in CCRL system: Customer- Select CCRL- Login RP-SHCIL User name and password.
3. After successful entry of data on CCRL website, account number gets generated.

#### **B. Checker entry: CCRL site**

1. User path in CCRL system : Client- Account Opening-New- Action- Authorize- Checker id- Submit- Submit
2. Account ID generated in CCRL system to be note down carefully for further use.
3. All documents and signature will be uploaded to CCRL site. Documents should be in JPG format (Documents to be loaded one after another by selecting proof details).
4. User path in CCRL system : Client- Document scan- Save

#### **C. CCRL procedure of mapping the client ID in back office is same as NERL as mentioned in the Annexure “32” pertaining to NERL.**

#### **D. TM –CM mapping & Client CM linking :**

1. Mapping will be done directly on CCRL site
2. Path : client – Masters – TM –CM Mapping or Client CM linking

#### **E. CCRL client Modification:**

1. In case CCRL client wants to modify any detail they can submit modification form (as per CCRL Manual) to any StockHolding branch.
2. Branch official will check whether modification form is duly filled and signed and send the scan of the same to HO ACOP team.

3. On receipt of such modification request, HO user will make changes on the CCRL web site directly.
4. Details will be modified only if the checker entry is done. If same is not done then HO ACOP team official will coordinate with CCRL team.

**F. CCRL closure:**

1. CCRL closure request to be accepted in CCRL prescribed format.
2. On receipt of such request from client, the branch user will check whether same is duly filled and signed and send a scan copy of the same to HO ACOP team.
3. On receipt of CCRL Closure form, designated official from HO ACOP team will scrutinized the documents as per the guidelines set by Repository.
4. The complied case will be send to DP Billing team for NDC confirmation.
5. On receipt of confirmation from Billing team If pending dues are not there then status of the account will be changes as closed in back office as well as on NERL web site.
6. User Path : Account opening – client account closure



## **Scope of Audit of Related Party Transaction**

The scope of work for related party transactions is as follows:

- Check whether all related party transactions are billed;
- Check whether such transactions are at arm's length and in ordinary course of business.

### **A. RELATED PARTIES:**

As per section 2(76) of Indian Companies Act 2013, “related party”, with reference to a company, means

1. a director or his relative;
2. a key managerial personnel or his relative
3. a firm, in which a director, manager or his relative is a partner;
4. a private company in which a director or manager or his relative is a member or director;
5. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
6. any Body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
7. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (6) and (7) shall apply to the advice, directions or instructions given in a professional capacity;

8. any body corporate company which is—
  - a holding, subsidiary or an associate company of such company
  - a subsidiary of a holding company to which it is also a subsidiary
  - an investment company or the venture of the company.
9. Such other person as may be prescribed under Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014.

### **B. CLAUSE REGARDING TRANSACTIONS WITH RELATED PARTIES:**

As per section 188(1) of Indian Companies Act 2013, except with the consent of the Board of Directors given by a resolution passed in a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;

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- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- Underwriting the subscription of any securities or derivatives thereof, of the company:
- Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a resolution. (Not applicable for transactions entered into between holding company and its wholly owned subsidiary whose accounts are consolidated and placed before shareholders at the General Meeting for approval)
- Provided further that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.
- Provided also that nothing contained in the second proviso shall apply to a company in which ninety per cent or more members, in number, are relatives of promoters or are related parties:
- Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

### **Scope of Audit of Fund Valuation services**

SHCIL provides quarterly valuation services to few general insurance companies like New India Assurance, General Insurance Corporation of India, The Oriental Insurance Corporation of India etc. for their debt and equity portfolio based on FIMMDA guidelines. The same need to be verified by internal auditors.

This audit scope will also cover any other certification required by the clients for whom SHCIL is providing valuation services at any point of time during the Audit period.

**Scope of Audit Scope of Branch Rating based on Half yearly report of NSDL & CDSL:**

**SCOPE & METHODOLOGY:**

The process for branch rating is as follows:

1. The audit observations for the NSDL & CDSL half year Audit report to be considered as a base.
2. The gradation of the audit observations into High, Medium and Low Risk was done on the basis of previous Audit Report.
3. Based on the number of observations under each risk category negative scoring was given to the branch.

The matrix of negative scoring is given below:

<b>No. of observations</b>	<b>Risk</b>	<b>Negative Points</b>
<=2	Low	1
>2-4	Low	2
>4-6	Low	3
>6-10	Low	4
>10	Low	5
less than 2	Medium	3
>2<=4	Medium	4
>4	Medium	5
less than 2	High	5
>2<=4	High	8
>4	High	10

**Scope of Audit of NSDL - DP Concurrent Audit**

<b>Sr. No.</b>	<b>Area</b>	<b>Percentage of samples to be verified</b>
1.	Account Opening forms including online accounts opened with e-sign	100%
2.	KYC re-confirmation cases: - Initiated by Participant (100%) - Intimated by NSDL (100%)	100% 100%
3.	DIS execution (25%)	-
	a) Digitally signed DIS images (having DP as well as NSDL digital signature) extracted from tamper proof storage (at least 10% of samples)	10% of Pan India DIS Sample
4.	Replacement of Original DIS image in tamper proof storage (100%)	100%
5.	Margin Pledge / Re-pledge	100%
6.	Client data modifications – Nomination, Signature updation, Minor to Major account, RI to NRI and vice versa	100%
7.	Account Freeze a) Freeze due to statutory order (100%) b) Other freezes	100% -
8.	Account Unfreeze a) Unfreeze due to statutory order (100%) b) Other unfreezes	100% -
9.	Modification in the name of client (including minor correction in name)	100%
10.	Power of Attorney modifications	100%
11.	Account Closure requests - Initiated by Participant	100%
12.	Transmission	100%
13.	Investor grievances received by Participant –verify the entire documentation.	100%
14.	Accreditation of investors (IGP)	100%
15.	Providing statement of accounts to clearing member (100% process level) (For count/ samples checked, specify number of occasions of dispatch during audit period - typically it would be six for the six month period).	100% process level
16.	FATCA/CRS filing	Documented and un- documented reporting

**Scope of Central Audit**

Where ever “-” is mentioned, it implies that there exists no mandate/ guideline by the depository and the sample size is on a random basis.

**Internal auditors are requested to ensure that the following points should be categorically audited while conducting DP Concurrent audit as per NSDL.**

1. “10% sample PAN verification” for all accounts by internal auditors. (As per NSDL guidelines the DP has the onus of doing this verification 100%).
2. “100% verification of PAN updates for frozen accounts or PAN modifications for dormant accounts” by internal auditors.
3. 100% verification of modification.
4. Availability of Investor grievance register
5. Contact details for registering Investor Grievance displayed on notice board in branches.
6. Depository conducts surprise audit in branches and inspection at HO. Auditor is required to check for inspection report and verify correction of non-compliance.
7. Compliance of circulars/ guidelines issued during the audit period applicable to clients
8. Verification of KYC data/ documents uploaded on KRA/ CKYC
9. Compliance under Prevention of Money Laundering Act, 2002 (PMLA)
10. Verification of audit data/documents on DPM
11. Verification of IT related check points mentioned in IAR
12. Verification of Transnet/ Electronic instruction
13. Verification of Speed-e/ IDeAS registration documents
14. Internal Auditor shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of Audit. Internal Auditor shall record the observations with respect to the same in their report.
15. Internal Auditor shall verify that the quarterly MIS of surveillance activity is prepared and placed before the Board of the Participant.

**Note:**

1. All the certifications/ reports as required by NSDL time to time to be submitted by auditor.
2. Completion of Concurrent Audit by the next working day or within a week (in case of large volume).
3. Minor deviation should be rectified during the period of audit only
4. Auditor shall submit duly signed list of samples verified during monthly/half yearly audit for the activities where 100% concurrent audit is not applicable.
5. The Auditor should furnish the report in the latest format as issued as issued by NSDL from time to time. Further, the other guidelines like sample size, area of Audit etc., is applicable as per the NSDL circular, unless otherwise stated by the Corporation.
6. Please refer NSDL circular no. NSDL/POLICY/2022/049 Dated April 01, 2022 on Internal and concurrent audit of depository operations

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### **Scope of Audit of CDSL - DP Concurrent Audit**

Sr. No.	Audit Area	Percentage of samples to be verified
1.	Account opening including online accounts opened with e-sign	100%
2.	BO Account data modifications – POA, Nomination, signature change, Name change, Minor to Major account, RI to NRI and vice versa.	100%
3.	Transaction Statements	100%
4.	Account closure initiated by DP	100%
5.	Margin Pledge/Unpledge/Repledge/Invocation instructions	100%
6.	Transmissions	100%
7.	Freeze & Unfreeze a. Statutory b. Others	100% -
8.	BO Grievances/ Redressed	100%
9.	Accreditation of investors (IGP)	-
10.	FATCA/CRS filing	Documented and un-documented reporting

Where ever “-” is mentioned, it implies that there exists no mandate/guideline by the depository and the sample size is on a random basis.

**Internal auditors are requested to ensure that the following points should be categorically audited while conducting DP Concurrent audit as per CDSL**

1. “10% sample PAN verification” for all accounts by internal auditors by visiting the IT website (as per NSDL guidelines the DP has the onus of doing this verification 100%)
2. “100% verification of PAN updates for frozen accounts or PAN modifications for dormant accounts” by internal auditors, by visiting the IT website.
3. 100% Audit of BO account data modifications.
4. Availability of Investor Grievance Register
5. Contact details for registering Investor Grievance displayed on notice board in branches.
6. List of services offered by the branch displayed on Notice Board.

Scope of Central Audit

7. Depository conducts surprise audit in branches and inspection at HO. Auditor is required to check for inspection report and verify correction of non-compliance.
8. Compliance of circulars/ guidelines issued during the audit period applicable to clients
9. Verification of KYC data/ documents uploaded on KRA/ CKYC
10. Compliance under Prevention of Money Laundering Act, 2002 (PMLA)
11. Verification of audit data/documents on CDAS
12. Verification of IT related check points mentioned in IAR
13. Verification of Transnet/ Electronic instruction
14. Verification of EASY/ EASIEST registration documents

**Note:**

1. All the certifications/ reports as required by CDSL time to time to be submitted by auditor.
  2. Completion of Concurrent Audit by 7th of the subsequent month.
  3. Minor deviation should be rectified during the period of audit only.
  4. Auditor shall submit duly signed list of samples verified during monthly/half yearly audit for the activities where 100% concurrent audit is not applicable.
  5. The Auditor should furnish the report in the latest format as issued as issued by CDSL from time to time. Further, the other guidelines like sample size, area of Audit etc., is applicable as per the CDSL circular, unless otherwise stated by the Corporation.
6. Please refer CDSL circular no. CDSL/AUDIT/DP/POLCY/2022/189 Dated April 01, 2022 regarding report on Internal audit and concurrent audit of risk prone areas of DP operations



**Scope of Audit of PCM activity – BSE Segment**

1. **Submission of Half yearly Report as per BSE Compliance - Notice No. 20180417-31 dated 17-Apr-2018 .**

**Scope of Audit of PCM activity – NSE & MCX Segment**

- 1. Submission of Half yearly Internal Audit Report as per relevant circular issued by the NSE Circular Ref. No. 326/2018 dated 16-Apr-2018**
- 2. Submission of Half yearly Internal Audit Report as per the provisions of the Rules, Bye-Laws and Business Rules of the MCX / MCXCCL and in reference to the Exchange Circular nos. MCX/INSP/294/2016dated September 26, 2016, MCX/INSP/295/2016 dated September 26, 2016 and MCX/INSP/343/2017 dated September 25, 2017.**

### **Scope of Audit of SEBI Inspection**

1. Yearly inspection u/s 14(2) of SEBI (Custodian of securities) Regulations 1996
2. Mechanism that has put in place for the purpose of reviewing, monitoring and evaluating controls, systems, procedures, and safeguards for carrying of Custodial Operations.

### **Scope of System Audit - Pledge Module**

<b>Sr. No.</b>	<b>Controls Evaluated</b>
<b>1.</b>	<b>General Controls</b>
	<p>1.1. Whether a well-documented security policy is available?</p> <p>1.2. Whether the following major security areas are covered in the policy:</p> <ul style="list-style-type: none"> <li>• PC and LAN, MAN and WAN security</li> <li>• Handling of security incidents</li> <li>• Anti virus and piracy policy</li> <li>• Archived and Backed up data security</li> <li>• Disaster Recovery Plan</li> <li>• Persons responsible for implementing security policy and consequence for wilful violation of the Security Policy</li> </ul> <p>1.3. Whether a review process is in place for reviewing the policy at periodic intervals and / or after any major event?</p> <p>1.4. Whether periodic Security IS and Software audits are carried out? 1.5. Has IT department adopted any standardised quality processes such as ISO, SEI CMM, etc., for software development?</p> <p>1.6. Whether User Manual is prepared?</p> <p>1.7. Is updated organisational chart being kept?</p> <p>1.8. Whether provision has been made for maintenance of software library?</p> <p>1.9. Ensure that the latest OS version is running at the site. Check whether latest updates / patches released by the OS vendor have been applied.</p>
<b>2.</b>	<b>Custodial Operation and Process</b>
<b>2.1</b>	<b>General Operations</b>
	2.1.1 Whether the Custodian had the necessary infrastructure, including adequate office space, vaults for safe custody of securities and computer systems capability, required to effectively discharge its activities as custodian of securities?
<b>2.2</b>	<b>Pledge Creation</b>
	<p>2.2.1 Whether there was a separation of roles for the maker and checker?</p> <p>2.2.2 Can there be a duplication of entry?</p> <p>2.2.3 Are there adequate controls to verify that no records are skipped between the maker and checker level?</p> <p>2.2.4 Are there any controls to verify the amendments at the checker level?</p>

Scope of Central Audit

	<p>2.2.5 Does the Pledge Module protect certain fields from being edited? Are there any Hard Coded Fields?</p> <p>2.2.6 Are the files downloaded at the back office by authorized personnel only?</p> <p>2.2.7 Can the entries made at the front office be edited at the back office?</p> <p>2.2.8 Does the pledge module reconcile the holdings of the client before creating the confirmations?</p> <p>2.2.9 Can the in-files and out-file generated be edited?</p> <p>2.2.10 Can the entries made through Transnet be edited at the back office?</p> <p>2.2.11 Is there a control on the total number of transactions sent and received at the back office? Can there be an instance that the total numbers of transactions are not received at the Back Office?</p> <p>2.2.12 Can the entries made at the Front Office or through Transnet be deleted at the back office?</p>
2.3	Pledge Release
	2.3.1 Whether the pledge release order was generated in the module by Authorised personnel only?
2.4	Valuations
	2.4.1 Whether the valuation reports are run in the pledge module by Authorized personnel only?
<b>3.</b>	<b>Application Security</b>
3.1	<p>Logical Access Controls</p> <p>3.1.1 Does the software allow creation of User IDs in the same name more than once?</p> <p>3.1.2 Does the software lock the User ID if it is used for 3 unsuccessful times to logon to the system?</p> <p>3.1.3 Does the software force the User to change the password at set periodical intervals?</p> <p>3.1.4 Does the software maintain password history, i.e., disallows the same password to be used again on rotation basis?</p> <p>3.1.5 Is there any audit trail for the maintenance of user profiles?</p> <p>3.1.6 Does the software have provision to create and maintain user-IDs based on users' designations and positions held?</p> <p>3.1.7 Can DBA change others password? If so is it reflected in the audit trail?</p>

	<p>3.1.8 If a User ID record is deleted, does the software delete it physically or logically? Is the software capable of producing a report of logically deleted User IDs?</p> <p>3.1.9 Can the software restrict different menu options to different user-IDs based on user level (based on designation / powers, etc.)?</p> <p>3.1.10 Does the software have provision for defining access rights to users such as 'Read Only', 'Read and Write', 'Modify', 'Delete', etc.?</p> <p>3.1.11 Verify who can do the User Profile Maintenance? Does the software give facility to general users also to do user profile maintenance?</p> <p>3.1.12 Does the software tag each and every transaction with the User Ids of maker and checker?</p> <p>3.1.13 Does the software allow the same user to be both maker and checker of the same transaction? If so, does the software produce an exception report of transactions with same maker and checker IDs?</p> <p>3.1.14 Are the User IDs reflected in the contents of the report printed?</p> <p>3.1.15 Does the software allow automatic logical deletion of inactive users after certain period of time?</p> <p>3.1.16 Does the software maintain password length to be of minimum 6 or 8 characters or as indicated in the password policy?</p> <p>3.1.17 Can the User IDs be created without passwords?</p>
3.2	Input Controls
	<p>3.2.1 Whether each transaction is recorded in such a way that it can be subsequently established that it has been input (e.g., Tran ID etc)?</p> <p>3.2.2 Does the module have controls to ensure that all recorded transactions are, Input to the system and accepted once and only once. If transactions are rejected, they are reported.</p> <p>3.2.3 Are there adequate procedures to investigate and correct differences or exceptions identified? Are there adequate procedures to investigate and if necessary, correct the following: - Missing and possible duplicate transactions disclosed by the input control, Rejected items</p> <p>3.2.4 If corrections are made to rectify differences, exceptions, duplicate transactions, missing transactions and rejected items, are they approved (e.g., maker/ checker, exception report, etc.)?</p> <p>3.2.5 Does the module have adequate controls to ensure that data has been accurately input (e.g. range checks, validity checks, etc.)</p> <p>3.2.6 If user controls are relied upon to ensure the controls over complete and accurate input of data, are these controls adequate and operative continuously?</p>

3.3	Processing Controls
	<p>3.3.1 Does software have adequate controls to ensure that all transactions input have updated the files?</p> <p>3.3.2 Are there adequate procedures for investigation and correction of differences or exceptions identified by the controls over update for completeness and accuracy?</p> <p>3.3.3 Are such corrections approved?</p> <p>3.3.4 Are manual compensatory controls in place to support software outputs?</p> <p>3.3.5 Are there adequate procedures to investigate and correct differences disclosed by the above-mentioned reconciliation.</p> <p>3.3.6 Is there any restart facility for batch jobs if they terminate abruptly? Are there controls to ensure that no errors are introduced during restart?</p> <p>3.3.7 Is the User-ID of the person who executes the batch job embedded in the transactions?</p> <p>3.3.8 Are the transactions for the day identifiable?</p> <p>3.3.9 Verify if there is an event log for the batch processes.</p> <p>3.3.10 Verify if software maintains audit trail to uniquely trace any modification/ deletion/addition with user-ID.</p> <p>3.3.11 Verify if the entire record after commit can be physically deleted.</p>
3.4	Output Controls
	<p>3.4.1 Verify the format, contents and utility of the reports generated by the system.</p> <p>3.4.2 Verify if outputs can be viewed/generated by users only on need to know basis. In other words, check whether outputs cannot be generated by all and sundry users in the system.</p> <p>3.4.3 Check the controls exercised by the user on the generation, distribution, and preservation of computer outputs.</p>
3.5	Authorization Controls
	<p>3.5.1 Does the software prevent the same user from performing both the functions of entering a transaction and verifying the same?</p> <p>3.5.2 If transactions are authorized manually, are there controls to ensure that: They are properly authorized by an independent and responsible official and No unauthorized alterations are made to authorized transactions?</p> <p>3.5.3 Do access rights reflect the appropriate authority limits?</p>
3.6	Database - Access and Protection

### Scope of Central Audit

	<p>3.6.1 Are Database administrators at responsible levels?</p> <p>3.6.2 Are users denied access to the database other than through the application?</p> <p>3.6.3 Does the System Administrator periodically review the list of users to the database? Is the review documented?</p> <p>3.6.4 Are inactive users deactivated?</p>
3.7	Backup and recovery
	<p>3.7.1 <b>Software</b></p> <p>3.7.1.1 Verify if a latest copy of backup of software (Operating System, RDBMS, application, etc.) is taken and preserved at the user site.</p> <p>3.7.2 <b>Data</b></p> <p>3.7.2.1 Verify if different types of data backups are taken periodically at specified intervals as advised by the software developer / vendor.</p> <p>3.7.2.2 Are there proper records for noting the media in which different data backups are stored, location where it is stored, date of backup, due date for recycle, etc.</p> <p>3.7.2.3 Is one copy of data backup kept in an offsite location with proper records?</p> <p>3.7.2.4 Does the database / system administrator at the user site carry out restoration testing of these backups periodically?</p> <p>3.7.2.5 Are users involved in such restoration testing ?</p>
	<p>3.7.3 <b>Purging of Data</b></p> <p>3.7.3.1 Was there an archival policy and whether the data housekeeping was as per this policy?</p> <p>3.7.3.2 Could this archived data be read as and when required?</p> <p>3.7.3.3 Was the archival data stored in safe place?</p> <p>3.7.3.4 Was the archived data deleted from the current running system?</p>
3.8	Change Request Management and Version Control
	<p>3.8.1 Software developed in-house</p> <p>3.8.1.1 Check whether requests for changes are initiated by users in a structured change request form (CRF) with pre-printed numbers.</p> <p>3.8.1.2 Are these change requests inwards in a manual / electronic register with CRF number before initiating the change?</p> <p>3.8.1.3 Are the change requests subjected to feasibility study?</p> <p>3.8.1.4 Verify whether the change request is approved by the Management before effecting the changes in the software and the same is recorded on the CRF.</p> <p>3.8.1.5 Verify whether the changes are made only in the test environment and not in the live environment (separation of test and production</p>



	libraries).
3.8.1.6	After making changes, are they tested adequately before implementation (unit testing, integrated testing, regression testing, etc.)? All these testing procedures should happen only in the test library.
3.8.1.7	Once the programs are ready after testing, are they approved by a senior programmer / Departmental Head? Are such approvals recorded on the CRF?
3.8.1.8	After approving the changes, are the changed programs transferred to production library by an independent person who does not have programming / development responsibilities?
3.8.1.9	Does the production library have both sources and executables of the latest version of the programs?
3.8.1.10	Check whether the programmers are not given access in the production library. Similarly, check whether the access to the test library is restricted to programmers only.
3.8.1.11	Verify if the changes are updated in the user, technical, operations and all other relevant manuals to reflect the current state of the software. Is the CRF updated to this effect?
3.8.1.12	Verify if implementation guidelines are prepared by the programmers for properly implementing the changes in the user sites. Are they approved?
3.8.1.13	Verify if the changes are implemented at the Users' sites in accordance with the implementation guidelines. Is the CRF updated to this effect?
3.8.1.14	After completing all these steps, is the open entry in the change request register rounded off for the relevant CRF number, to bring it to a logical conclusion?
3.8.1.15	Are there procedures to review and monitor all the pending change requests and initiate timely action to resolve the same.
3.8.2	Version Control
3.8.2.1	Verify the procedure of roll out of software to the Users sites. Check who is creating the executables from the changed source code for implementation in the user sites? Ensure that such person(s) is / are independent of development activities.
3.8.2.2	Check whether each release is given a version number.
3.8.2.3	Verify if proper records are maintained to reflect the different version numbers of the software, their composition and location. The latest version should be easily differentiated when compared with the older versions.
3.8.2.4	Check and ensure if backups of all versions of the software are held both onsite and off-site in fire resistant cabinets with proper records.

<b>4.</b>	<b>Network Security</b>
4.1	User Account Maintenance
	<p>4.1.1 Are microcomputers / PCs having sensitive information protected with power on password to prevent unauthorized access?</p> <p>4.1.2 Each and every user ID in the operating system level should have been created only after specific approval of the Department Head in writing on a request form signed by the respective user. Verify whether such approval is in place for all the active user IDs.</p> <p>4.1.3 Apart from the approved request forms, the Office should be maintaining a user profile register with details such as, Employee Name Designation Employee Number Date of joining the Branch / Office User ID allotted Date of creation of user ID Date of deletion of user ID Signature of the user Initials of the DBA Initials of the Sr. Mgr. / Br. Mgr</p>
4.2	Information Storage and Retrieval
	<p>4.2.1 Has all the media (File/Floppy/Disks etc) under the control of the product/service owner been marked with the classification and securely stored with access restricted to authorized personnel only?</p> <p>4.2.2 Is there a process in place to ensure that all media under the control of the product/service owner containing critical information is destroyed in a manner that renders it unusable and unrecoverable?</p>
4.3	Internet Connectivity
	<p>4.3.1 Was the connection to the internet provided only on need basis? Was the connection secured by a password?</p> <p>4.3.2 Was the connection given to any Standalone PCs? Were the PCs connected to the LAN?</p> <p>4.3.3 Was the internet connection through broadband or through LAN?</p>
5.	IT Continuity Plan (ICP)/ Disaster Recovery Plan (DRP)
	<p>5.1 Whether there is a laid down plan for IT Continuity?</p> <p>5.2 Whether the plan is approved by the Management?</p> <p>5.3 Whether there are periodic test runs of the ICP / DRP?</p>

	<p>5.4 Whether the results of the Test runs are documented for future reference?</p> <p>5.5 Whether the Key personnel in each department are made aware of the ICP / DRP?</p> <p>5.6 Whether these key personnel are a part of the test runs conducted?</p> <p>5.7 Whether the ICP / DRP site is located onsite or Offsite?</p> <p>5.8 If the ICP / DRP is offsite, whether the test runs are conducted both at the main office and at the site?</p>
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### **Scope of Audit of DDP Operation**

1. DDP Operations audit as per SEBI (Foreign Portfolio Investors) Regulations 2019
2. Audit on the internal control with respect to DDP operations

#### **Scope of audit**

1. Registration under the relevant category
2. Verification of application form and supporting documents for FPI Registrations
3. Payment of fee to SEBI for the registered FPI
4. Adequacy of infrastructure , system, controls and manuals
5. Submission of reports pertaining to FPI to SEBI & other regulator
6. Verification of documentation obtained from FPI
7. Others areas per relevant circular from SEBI

**Scope of Audit of Pledge transaction to NSCCL - (Cash,  
F&O, Debt segment & Currency derivatives)**

The coverage of audit as well as monthly and quarterly certifications includes all relevant segments wherein SHCIL acts as a custodian. Please refer detailed NSCCL circular no. NSCC/COLLAT/2005/007 Dated January 20, 2005 for scope of Audit and Guidelines.

**SCOPE & FORMAT OF INTERNAL AUDIT REPORT OF CUSTODIAL OPERATIONS  
FOR THE HALF YEAR**

<b>SR. NO.</b>	<b>AREAS TO BE COVERED</b>
<b>1.0</b>	<b>Introduction</b>
<b>2.0</b>	<b>Methodology</b>
<b>3.0</b>	<b>Limitations</b>
<b>4.0</b>	<b>Compliance with Regulation 6(d) and 12 to 19 of the SEBI (Custodian of Securities) Regulations, 1996</b>
<b>4.1</b>	<b>Operations and Systems Manual (Regulation-6 (D)):</b>
<b>4.1.1</b>	Whether a System and Procedures Manual has been prepared for the performance of activities as a Custodian?
<b>4.1.2</b>	Whether the Systems and Procedures Manual has been submitted to SEBI at the time of application for grant of certificate?
<b>4.1.3</b>	Whether any updation of the systems and Procedures Manual has been made during the current year of Operation?
<b>4.2</b>	<b>Code Of Conduct (Regulation 12)</b>
<b>4.2.1</b>	Whether the dividend, interest or any such accruals, income received or collected on behalf of clients on the securities held in custody have been distributed promptly?
<b>4.3</b>	<b>Segregation of Activities (Regulation 13)</b>
<b>4.3.1</b>	Whether the other activities performed otherwise as a custodian were separate and segregated?
<b>4.4</b>	<b>Monitoring, Review, Evaluating and Inspecting Systems and Controls (Regulation 14)</b>
<b>4.4.1</b>	Whether the adequate mechanisms were in place for the purpose of review, monitoring and evaluation of controls, systems, procedures and safeguards?
<b>4.4.2</b>	Whether STOCKHOLDING was inspected annually as per the mechanism referred to in sub-regulation (1) by an expert and forward the inspection report to the Board within three months from the date of inspection?
<b>4.5</b>	<b>Prohibition of Assignment (Regulation 15)</b>
<b>4.5.1</b>	In case any agency, persons, etc., were appointed or continued in appointment for the purpose of assigning or delegating the functions as a custodian of securities, whether such agency, person, etc., were also the custodian of securities?
<b>4.6</b>	<b>Separate Custody Account (Regulation 16)</b>
<b>4.6.1</b>	Whether separate custody accounts are opened and maintained for each client in its name?
<b>4.6.2</b>	Whether the securities were duly deposited in such separate accounts without mixing with another client?
<b>4.7</b>	<b>Agreement with the Client (Regulation 17)</b>
<b>4.7.1</b>	Whether STOCKHOLDING is entering into an agreement with each client on whose behalf it is acting as custodian of securities?
<b>4.8</b>	<b>Internal Control (Regulation 18)</b>

Scope of Central Audit

<b>SR. NO.</b>	<b>AREAS TO BE COVERED</b>
<b>4.8.1</b>	Whether adequate system of internal controls was in place to prevent any manipulation of records and documents?
<b>4.8.2</b>	Whether safekeeping measures were taken to protect securities from theft and natural hazard?
<b>4.9</b>	<b>Maintenance of Records and Documents and Furnishing of Information (Regulation 19)</b>
<b>4.9.1</b>	Whether records were maintained in respect of securities, monies, rights and entitlements received and released on behalf of the clients?
<b>4.9.2</b>	Whether records containing details of Registration of Securities in respect of clients were maintained?
<b>4.9.3</b>	Whether Ledger for each client was maintained?
<b>4.9.4</b>	Whether the records containing details of instructions received from and sent to clients were maintained?
<b>5.0</b>	Holding Statement
<b>6.0</b>	Corporate Actions
<b>6.1</b>	Dividends
<b>6.2</b>	Interest
<b>6.3</b>	Redemption
<b>6.4</b>	Non Monetary Corporate Action
<b>7.0</b>	Billing
<b>8.0</b>	Withdrawal of Securities for Sales
<b>9.0</b>	Data Fix and updation of Data
<b>10.0</b>	Delivery Instructions for Purchase and Sales of Securities (Physical form, only)
<b>11.0</b>	Lodgements/ Re-lodgements
<b>12.0</b>	Receiving and In-warding
<b>13.0</b>	Client Grievances
<b>14.0</b>	Long Outstanding Receivables

**Scope of quarterly Audit of Depository Participant (DP) Services**

- 1 Billing to clients
- 2 NACH registration
- 3 AML alerts processing and STR filing
- 4 Surveillance alerts processing and MIS



## **DISCLAIMER**

**The scope of the audit is subject to a periodic review with reference to the changes in type and nature of the product & services, business conditions and regulatory framework.**

STOCK HOLDING CORPORATION OF INDIA  
LTD.

# ANNEXURE IV

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## SCOPE FOR REGIONAL AUDIT

**Period: October - 2022 to September - 2023**

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## **Details of Regional Audit**

<b>Sr. no.</b>	<b>Details of Audit</b>	<b>Frequency</b>	<b>Scope of Audit</b>
<b>A</b>	<b>Quarterly Audits</b>		
1.	e-Stamping, e-Court & e-Registration	Quarterly	Pls. refer Annexure-1
2.	Government of India (GOI) Bonds & Sovereign Gold Bond (SGB)	Quarterly	Pls. refer Annexure-2
3.	Finance	Quarterly	Pls. refer Annexure-3
4.	Third party products	Quarterly	Pls. refer Annexure-4
5.	Sub-broking activities	Quarterly	Pls. refer Annexure-5
6.	Gold Rush	Quarterly	Pls. refer Annexure-6
7.	Custodial operations	Quarterly	Pls. refer Annexure-7
8.	National Pension Scheme (NPS) Activities	Quarterly	Pls. refer Annexure-8
9.	Insurance Activities	Quarterly	Pls. refer Annexure-9
10.	Security System	Quarterly	Pls. refer Annexure-10
11.	National E-Repository Ltd. Activities (NERL)	Quarterly	Pls. refer Annexure-11
12.	Depository Participant (DP) services	Quarterly	
13.	CDSL Commodity Repository Limited (CCRL) Activities	Quarterly	Pls. refer Annexure-12
14.	Branch Rating based on half yearly Audit report of NSDL & CDSL	Half yearly	Pls. refer Annexure-13
15.	Physical verification of Fixed Assets of all regional branches	Yearly	
16.	Visit to Branches & SRO counters for e-Stamping operation	Yearly and on need basis	Pls. refer Annexure-1
<b>B.</b>	<b>Regulatory Audit</b>		
1.	Concurrent Audit of NSDL - DP operation - Retail segment	Monthly	Pls. refer Annexure-14
2.	Concurrent Audit of CDSL - DP operation - Retail segment	Monthly	Pls. refer Annexure-15
3.	Compilation of monthly NSDL - DP operation - Retail concurrent audit report at B 1	Half yearly	
4.	Compilation of monthly CDSL - DP operation - Retail concurrent audit report	Half yearly	

Scope of Regional Audit

	at B 2		
<b>C</b>	<b>Certification</b>		
1	Certificate for remittance of stamp duty to Government Authority for E Services products	Quarterly	

**List of Branches as on May 31, 2022**

Master Sr. No.	Region Sr. No.	Region with Branches
		<b>Mumbai ( HO) – Total - 2</b>
1.	1.	Mahape
2.	2.	Centre Point
		<b>Mumbai – Total No. of Branches – 20</b>
3.	1.	Andheri
4.	2.	Borivali
5.	3.	Chembur
6.	4.	Dadar
7.	5.	Dombivali
8.	6.	Fort
9.	7.	Ghatkopar
10.	8.	Goregaon
11.	9.	Kalyan
12.	10.	Kharghar
13.	11.	Mahalaxmi
14.	12.	Mulund
15.	13.	Nariman Point
16.	14.	Parel
17.	15.	Thane
18.	16.	Vasai
19.	17.	Vashi
20.	18.	Vikhroli
21.	19.	Vile Parle
22.	20.	Goa - Panjim
		<b>Maharashtra (Excl. Mumbai) – Total No. of Branches – 17</b>
23.	1.	Ahmednagar
24.	2.	Amravati
25.	3.	Aurangabad
26.	4.	Chinchwad
27.	5.	Chandrapur
28.	6.	Ichalkaranji
29.	7.	Jalgaon
30.	8.	Kolhapur
31.	9.	Nagpur – Dhantoli
32.	10.	Nagpur – 2
33.	11.	Nanded
34.	12.	Nashik
35.	13.	Pune – JM Road
36.	14.	Pune – Agarkar Nagar
37.	15.	Pune – Pimple Saudagar
38.	16.	Sangli
39.	17.	Yawatmal

Scope of Regional Audit

### **List of Branches as on May 31, 2022**

		<b>Gujarat- Total No. of Branches - 24</b>
40.	1.	Ahmedabad – Ashram Road
41.	2.	Ahmedabad – IFCI Tower
42.	3.	Ahmedabad – Maninagar
43.	4.	Ahmedabad – Motera
44.	5.	Ahmedabad – Satellite
45.	6.	Anand
46.	7.	Bharuch
47.	8.	Bhavnagar
48.	9.	Gandhinagar
49.	10.	Gandhidham
50.	11.	Jamnagar
51.	12.	Junagadh
52.	13.	Mehsana
53.	14.	Navsari
54.	15.	Porbundar
55.	16.	Rajkot – Kalawad
56.	17.	Rajkot – Sadar Bazar
57.	18.	Surat – Adajan
58.	19.	Surat – Ring Road
59.	20.	Surat – New Citylight Road
60.	21.	Vadodara – Karelilbag
61.	22.	Vadodara – Racecourse Road
62.	23.	Vadodara – Sayajigunj
63.	24.	Visnagar
		<b>Delhi, NCR &amp; Haryana – Total No. of Branches - 13</b>
64.	1.	Ambala
65.	2.	Delhi – Bhikaji Cama
66.	3.	Delhi – Janakpuri
67.	4.	Delhi – Janpath
68.	5.	Delhi – Karkardooma
69.	6.	Delhi – Milap
70.	7.	Delhi – Nehru Place
71.	8.	Delhi – Pithampur
72.	9.	Ghaziabad
73.	10.	Greater Noida
74.	11.	Gurgram
75.	12.	Karnal
76.	13.	Noida
		<b>Uttar Pradesh and Uttarakhand – Total No. of Branches – 14</b>
77.	1.	Agra
78.	2.	Bareilly
79.	3.	Gorakhpur
80.	4.	Jhansi

Scope of Regional Audit

**List of Branches as on May 31, 2022**

81.	5.	Kanpur - Krishna Tower
82.	6.	Lucknow
83.	7.	Meerut
84.	8.	Mugalsarai
85.	9.	Prayagraj (Allahabad)
86.	10.	Varanasi
87.	11.	Varanasi – 2
88.	12.	Dehradun
89.	13.	Haridwar
90.	14.	Haldwani
		<b>Bihar, Jharkhand &amp; Chattisgarh – Total No. of Branches – 11</b>
91.	1.	Bhagalpur
92.	2.	Muzaffarpur
93.	3.	Patna
94.	4.	Bokaro
95.	5.	Dhanbad
96.	6.	Hazaribagh
97.	7.	Jamshedpur
98.	8.	Ranchi
99.	9.	Bhilai
100.	10.	Bilaspur
101.	11.	Raipur
		<b>Punjab, J&amp;K, Himachal Pradesh, Chandigarh, Haryana (Part) – Total No. of Branches – 14</b>
102.	1.	Amritsar
103.	2.	Bhatinda
104.	3.	Chandigarh
105.	4.	Jalandhar
106.	5.	Jammu
107.	6.	Ludhiana
108.	7.	Moga
109.	8.	Mohali
110.	9.	Panchkula
111.	10.	Pathankot
112.	11.	Patiala
113.	12.	Phagwara
114.	13.	Shimla
115.	14.	Solan
		<b>Rajasthan and Madhya Pradesh – Total No. of Branches – 15</b>
116.	1.	Ajmer
117.	2.	Alwar
118.	3.	Bikaner
119.	4.	Jaipur – Malviya Nagar
120.	5.	Jaipur – Sangam Tower



**List of Branches as on May 31, 2022**

121.	6.	Jodhpur
122.	7.	Kota
123.	8.	Sriganganagar
124.	9.	Udaipur
125.	10.	Bhopal
126.	11.	Bhopal – Koh-e-Fiza
127.	12.	Gwalior
128.	13.	Indore
129.	14.	Jabalpur
130.	15.	Ujjain
		<b>Karnataka – Total No. of Branches – 20</b>
131.	1.	Bangalore – JC Road
132.	2.	Bangalore – Jaya Nagar
133.	3.	Bangalore – Koramangla
134.	4.	Bangalore – Malleswaram
135.	5.	Bangalore – Yalahanka
136.	6.	Bagalkot
137.	7.	Belgaum
138.	8.	Bellary
139.	9.	Davangere
140.	10.	Dharwad
141.	11.	Gulbarga
142.	12.	Hassan
143.	13.	Hubli
144.	14.	Karkala
145.	15.	Kundapur
146.	16.	Mangalore
147.	17.	Mysuru
148.	18.	Raichur
149.	19.	Shimoga
150.	20.	Udupi
		<b>Andhra Pradesh &amp; Telangana – Total No. of Branches - 16</b>
151.	1.	Hyderabad – Ameerpet
152.	2.	Hyderabad – Dilsukhnagar
153.	3.	Hyderabad – Himayat Nagar
154.	4.	Kukatpully
155.	5.	Guntur
156.	6.	Kakinada
157.	7.	Kurnool
158.	8.	Nizamabad
159.	9.	Nellore
160.	10.	Rajamundry
161.	11.	Secunderabad
162.	12.	Secunderabad – Sainikpuri

Scope of Regional Audit

**List of Branches as on May 31, 2022**

163.	13.	Tirupati
164.	14.	Vijaywada
165.	15.	Vishakapatnam
166.	16.	Warangal
		<b>Tamil Nadu &amp; Kerala – Total No. of Branches – 25</b>
167.	1.	Chennai – Adyar
168.	2.	Chennai – Anna Nagar
169.	3.	Chennai – Moore Street
170.	4.	Chennai – Mylapore
171.	5.	Chennai – Porur
172.	6.	Chennai – T Nagar
173.	7.	Chennai – Tambaram
174.	8.	Chennai – Velachery
175.	9.	Chennai – West Mambalam
176.	10.	Coimbatore
177.	11.	Erode
178.	12.	Karaikudi
179.	13.	Karur
180.	14.	Madurai
181.	15.	Puducherry
182.	16.	Salem
183.	17.	Trichy
184.	18.	Tuticorin
185.	19.	Calicut
186.	20.	Kannur
187.	21.	Kochi
188.	22.	Kollam
189.	23.	Kottayam
190.	24.	Thrissur
191.	25.	Thiruvananthapuram
		<b>East &amp; North East - West Bengal, Odisha, Assam &amp; Tripura – Total No. of Branches – 13</b>
192.	1.	Agartala
193.	2.	Bhubaneshwar
194.	3.	Cuttak
195.	4.	Guwahati
196.	5.	Haldia
197.	6.	Jorhat
198.	7.	Kolkata – NIC Building
199.	8.	Kolkata – Salt lake
200.	9.	Rourkela
201.	10.	Silchar
202.	11.	Tinsukia
203.	12.	Kalyani
204.	13.	Rashbehari

Scope of Regional Audit

## **Scope of Audit of e-Stamping, e-Court and e-Registration Operation**

### **Audit at Regions : e-Services**

**Audit of e-Services at regions are divided into following four heads.**

- (I) Audit at SRO centres
- (II) Audit at Branches
- (III) Audit at Regional offices
- (IV) Audit at ACC centres

**I. Audit at SRO centres:** Audit of e-Services for StockHolding centres at SRO offices should include followings.

- a. User ids of concerned officials.
- b. Completeness of e-Stamping/e-Court-fee/e-Registration Application Forms submitted by clients & its proper filing for future reference.
- c. Register maintaining the acknowledgement by clients for receipt of e- Stamps//e-Court fee/e-Registration receipts.
- d. Access to StockHolding systems, colour stationeries, daily collections, safe guards & any other important official documents to general public/clients.
- e. Availability of safe guard and its keys status.
- f. Availability of camera, it's working condition & its AMC status (As applicable/allowed by Government authority).
- g. Display of "Working Hours" notice including state specific notice/s at centres.
- h. Maintaining a record of the acknowledged copy of the print preview in case of high value transactions i.e. stamp duty amount of Rs.1 lakh or more. This would be on sample basis.
- i. To verify stock details of color papers used by branches / SRO for issuance of e-Stamp Certificates and e-Court receipts, including spoiled/mutilated one.
- j. Fake note detection machines are in working condition at SHCIL/SRO counter
- k. Pay-in-slip generation on regular basis at branch level for e-Registration, e-Stamping and e-Court systems.
- l. Check whether the bank acknowledgment slip received from CMS after depositing cash.
- m. Color stationary maintained in lock & key and receipt, disbursement and usages are recorded.
- n. Ensure proper maintenance of records with respect to receipt of money and the subsequent issue of certificates.
- o. Subsequent certificate generation and Tracking old pending submission
- p. System upgrade- checking of hardware updation as per product requirement (e.g.: Windows10, Printer, 1 backup Cartridge,)
- q. Checking of print quality of a sample eStamp
- r. Seal and Stamp of ACC counter in proper custody.

Scope of Regional Audit

- s. Proper storage of application forms/ previews.
- t. Display of Banner, Working hours, Details of ACC, contact nos, complaint nos.
- u. Register to record visits of branch official
- v. Audit of rectifications done- tallying with forms
- w. Availability of 80 gsm paper where plain papers are used.

**II. Audit at Branches:** Audit of e-Services at branch offices should include followings.

- a. User ids of concerned officials.
- b. Completeness of e-Stamping/e-Court-fee/e-Registration Application Forms submitted by clients & its proper filing for future reference.
- c. Register maintaining the acknowledgement by clients for receipt of e-Stamps//e-Court fee/e-Registration receipts.
- d. Access to StockHolding systems, color stationeries, daily collections, safe guards & any other important official documents to general public/clients.
- e. Availability of safe guard and its keys status.
- f. Availability of camera, it's working condition & its AMC status (As applicable/allowed by Government authority).
- g. Display of "Working Hours" notice including state specific notice/s at centers.
- h. Maintaining a record of the acknowledged copy of the print preview in case of high value transactions i.e. stamp duty amount of Rs.1 lakh or more. This would be on sample basis.
- i. To verify stock details of color papers used by branches / SRO for issuance of e-Stamp Certificates and e-Court receipts, including spoiled/mutilated one.
- j. Fake note detection machines are in working condition at SHCIL/SRO counter
- k. Pay-in-slip generation on regular basis at branch level for e-Registration, e-Stamping and e-Court systems.
- l. Check whether the bank acknowledgment slip received from CMS after depositing cash.
- m. Color stationary maintained in lock & key and receipt, disbursement and usages are recorded.
- n. Ensure proper maintenance of records with respect to receipt of money and the subsequent issue of certificates.
- o. Subsequent certificate generation and Tracking old pending submission
- p. System upgrade- checking of hardware updation as per product requirement (e.g.: Windows10, Printer, 1 backup Cartridge,)
- q. Checking of print quality of a sample eStamp
- r. Seal and Stamp of ACC counter in proper custody.
- s. Proper storage of application forms/ previews.
- t. Display of Banner, Working hours, Details of ACC, contact nos, complaint nos.
- u. Register to record visits of branch official
- v. Audit of rectifications done- tallying with forms
- w. Availability of 80 gsm paper where plain papers are used.
- x. Receipts, uses and availability of colour stationery (in case of satellite branches) & its safe custody including spoiled/mutilated one.
- y. In case of operational branch, receipts of colour stationeries from colour stationery vendor and it's distribution to satellite branches and ACCs. Total stock status to be checked which should suffice for the connecting branches/ACCs for ensuing two months, at least.

Scope of Regional Audit

**III Audit at Regional offices:** Audit of e-Services at Regional offices should include followings.

- a. Application forms for user ids creation & relevant documents and modification in existing user ids (as applicable).
- b. Refund processing of unclaimed credits and erroneous credits. Verification of documents, source account number and target account number. - Cross check from Bank statement showing debit to the right person.
- c. Color Stationery: Receipt of color stationery from colour stationery vendor and its distribution to branches and ACCs.
- d. Safe custody of colour stationery.
- e. Physical custody of mutilated/spoiled e-Stamp/e-Court color stationeries & its records.
- f. Cash confirmation in the system.
- g. Clearance given for printing of multiple e-Stamp certificates against single payment (cheque/DD/NEFT/RTGS) and for clearance given for generation of e-Court fee receipts.
- h. Capturing of instrument reference no. as per bank statement while giving the clearance.
- i. Updated authorized signatories list for fund transfer in each bank account
- j. Remittance from Notional Imprest based ACCs& penal interest calculation.
- k. Imprest given to Actual Imprest in line with volumes (pls check no excess credits given) based ACCs and receipt of funds.
- l. Bank Guarantee (As applicable)
- m. Invoices: Invoices to Government, Bulk Clients, Color stationeries, Digital Clients (as applicable).
- n. Government commission status.
- o. Proper documentation are maintained for refunds for online and off line e-Stamping, e-Registration and e-Court (page no 3- point no u is cancelled in the Audit at regions file)
- p. Whether the Invoice received from ACCs are maintained properly.(page no 3 point no . r is cancelled in audit at regions file)
- q. Daily remittance of the funds to the State Government on or before the agreed schedule. Check whether the Government acknowledgment has been obtained for the remittance made by SHCIL. (Government payment: Verification of challan and entry into the system.)
- r. Daily remittance from ACC (Notional Imprest) on or before the agreed schedule
- s. Reconciliation on monthly basis of the payment made to the Government as per the payment cycle.
- t. Whether the copy of the Invoice given to State Government are maintained properly for Delhi, Uttarakhand, UP, Odisha and Bihar.
- u. e-Court user ID creation forms are maintained at branch
- v. Ensure proper maintenance of records with respect to receipt of money and the subsequent issue of certificates.
- w. Subsequent certificate generation and Tracking old pending submission
- x. Audit of manual credits given to ACCs (when ecoll is down, same may be required)
- y. Correctness of capturing correct ACC (notional) while receiving funds.

Scope of Regional Audit

**IV Audit at Non SHCIL ACC centers:** Audit of e-Services at ACC centres should include followings.

In Gujarat & Rajasthan, SHCIL has appointed an outsourcing agency “M/s. Everon Logistics Ltd” & “M/s. Airan Consultants Pvt. Ltd. respectively to act as ACC at SRO counters. The auditors will be required to cover 7 to 10 these SRO counters quarterly and same shall be reported separately.

**e-Stamping - FINANCE:**

1. Proper maintenance of Cash book and Bank book
2. Verification of Bank Reconciliation and review of follow up of pending items in Bank Reconciliation
3. Checking of Reconciliation between branch and HO
4. Payments to Government (e-stamping/e-Registration/e-Court)
5. Checking of scroll balance (e-stamping)
6. Proper maintenance of e-stamping accounts
7. Certification of Trial balance
8. Age wise unclaimed credits arising out of all receipts including digital receipts which are more than 30 days.
9. Audit of E Court and E Registration: Scope similar to the scope of audit for E-Stamping (including cash and bank reconciliations and certifying Trial Balance)
10. And certifying the Trial Balance is carried out as part of Scope of E- stamping Internal Audit for both finance and operations areas.
11. Issue of quarterly E-stamping certificates.
12. Annual Government remittance certificates
13. To verify calculation and payment of commission to Lead Generation Agents.
14. Cash balance certificate and Subsequent cash/cheque deposit
15. Subsequent certificate generation and Tracking old pending submission
16. Checking of cash confirmations. Sample cases to be checked from corresponding receipts (value above Rs.10,000)
17. Checking timely receipt of funds due against the notional Imprest given to the ACCs.
18. Checking regular payments to LGAs and ACCs (including lower denomination ACCs)
19. Checking for the regular receipt from ACCS (including lower denomination ACCs) and updations in system
20. Checking of issuance of certificate against adequate balance for imprest based ACCs
21. Income Reconciliation and Scrutiny of Stale cheques
22. Ledger Scrutiny and Checking Old Outstanding balances.
23. Government payments are done as per the Back End and Front End reports.
24. Government payment details captured in Back End system.
25. In case of refund (unclaimed) the corresponding refund entry to be marked in unclaimed system once actual refund is initiated.

Scope of Regional Audit

26. Daily remittance of the funds to the State Government on or before the agreed schedule. Call for the scanned copy of the govt acknowledgment and verify the same to ensure that proper remittance has been made by the branches.
27. Verify daily remittance from ACC (Notional Imprest) with the bank statement and proof of remittance to ensure that the remittance is made proper & verifying the calculation of Penal interest for delayed remittance of Stamp duty Funds.
28. Payments to Government (e-stamping Dept)
29. Cash balance certificate and Subsequent cash/cheque deposit
30. Checking of cash confirmations
31. Checking of regular receipt from ACCS (including lower denomination ACCS) and updations in system
32. Income Reconciliation and Scrutiny of Stale cheques
33. Reconciliation of TDS (form 26 AS) deducted by Government on quarterly basis with Income Tax dept at HO level and at Regional HO.
34. E-Stamping balance receivable from Government, confirmation to be sent by HO and Reconcile with branch balance.
35. E-Stamping fund transfer from regions to HO at regular intervals and no excess fund is retained by branch.
36. Checking of bills raised on Government.
37. Matching of PGSP transaction report with Settlement report and tracing the Actual Credit in Bank & Tracking of receivable through System
38. To verify whether funds are received from Payment Gateway Service Provider for Online transactions.

**Others:**

- Fixed Deposits for e-service products (e-Stamping, e-Registration, e-Court Fee) :
  - Physical Verification of Fixed Deposit Receipts.
  - Matching of balance of FD as per Balance confirmation from the banks with FD in books
  - Tallying of accrued interest and TDS on interest booked in books with Interest Certificate for Fixed Deposits
  - Checking of all heads in FD report from system e.g. Date of Investment, FD Amount, Maturity, Tenure, Interest, TDS etc. with physical FD receipt
  - Credit of Principal & Interest excluding TDS on maturity and entry in FD system and books.
- Reconciliation of TDS (form 26 AS) deducted by Government on quarterly basis with Income Tax dept at HO level and at Regional HO.
- Stationery Reconciliation between branch and regional office and regional office and Head office.
- E-Stamping billing to state government maker and checker should be different person. Maker at payment level and checker at Regional Manager Level across all regions.
- E-Stamping balance receivable from Government, confirmation to be sent by HO and Reconcile with branch balance.
- E-Stamping fund transfer from regions to HO at regular intervals and no excess fund is retained by branch.

- Regular Audit visit by Regional Auditor to e-Stamp counters handled by ACC's/LGAs
- Obtain the data regarding the Fake notes detected during last quarter.

Please note that PAN verification for all instances wherein cash has been collected above Rs.2,00,000/- needs to be done and all such instances of cash receipts needs to be reported in the following format:

<b>S.No.</b>	<b>Name of the client</b>	<b>PAN</b>	<b>Amount collected (in Rs.)</b>



## **Scope of Audit of Government of India Relief Bonds and Sovereign Gold Bond**

To check whether the necessary documents are completed and properly filed and maintained including:

### **1. Application for Bond ledger account:**

- a) Correctness of the data captured in the back office software
- b) Register of Bond ledger accounts
- c) Register of nominations
- d) Forms of nominations / cancellation
- e) Advices regarding acknowledgement of registration of nomination/ cancellation of nomination.
- f) Timely deposition of cheques accepted with application.

### **2. Compliance:**

- a) Checking compliance with RBI manual and circulars issued from time to time
- b) Checking compliance with circulars issued by Management from time to time
- c) Checking compliance with Income tax for 15G, 15H, 197 certificate

### **3. Sovereign Gold Bond:**

- a) SGB Applications forms and supporting documents
- b) Data entry done in the system.
- c) Deposit of Instrument/ credit in the bank.

### **4. Others:**

- a) Transfer and Transmission cases. In transfer cases, to verify that the COH's are defaced with stamp "Cancelled"
- b) To verify that the application forms are stamped with the BROKER CODE stamp or a DIRECT stamp.

## **Scope of Audit of Finance activities - Regions**

### **A. GENERAL:**

1. Review all outsourcing agencies, if any
2. Review of billings dispatched to the clients and their realization and reconciliation with Head office. No waiver / concession should be granted on the bills without approval from the Head office except penal interest
3. Security of overdue statement and age-wise analysis of doubtful receivables

### **B. ISA ACCOUNTS:**

#### **1. DAILY COLLECTION REPORT (DCR) :**

- a) Verification of daily collection report generated from ISA system with the daily pay-in-slips for both cash and cheques.
- b) Verification of physical cash collection with the daily collection report on any given day.
- c) Verification of DCR whether the same is duly signed by maker and verifier to establish the authenticity of the report.
- d) Verification of the manual receipts book for cash and cheque collection to ensure the same are entered in the ISA system.
- e) Verification of cash and cheques collected are deposited into the bank on next working day.
- f) Verification of all ISA Bank reconciliations till the bank accounts are closed.

### **C. Other Areas:**

1. **Physical Verification of Fixed Assets as per Fixed Assets Register:**  
Auditors to carry out physical verification of fixed assets as per fixed assets register on a yearly basis and certify that “we have physically verified fixed assets at all branches and they are in agreement with fixed assets register (FAR)”. Also a hard copy of FAR should be obtained from branch managers and be certified by the auditors and should be enclosed with the report.
2. Quarterly certification of Trial Balances of the region includes GOI Bonds, E-Stamping etc.
3. Issue of Quarterly finance report of the region with management comments.  
Issue of quarterly E-stamping certificates.

## **Scope of Audit of Third Party Products**

### **General:**

If no transaction has occurred during the period, then the Internal Auditor is required to comment “NIL”.

### **A. Products:**

**Background/ Brief:** Our expenses are commission payments to sub-brokers who act as SHCIL’s agent. Normal pay – out rate is 75% of the income received. In case, the pay-out rate is higher than 75%, an approval is required to be put in place as per existing Delegation of Powers (DOP).

### **Products include:**

1. Mutual Funds,
2. Primary Market Issues, namely, Initial Public Offer (IPO), Follow-on Public Offer (FPO).
3. Fixed Deposits / Bonds (NCDs, Capital Gain bonds, Tax Free Bonds)
4. Distribution of Loan Products, etc.

### **Scope of Audit:**

1. All application forms received at the branch for TPP products (except IPO) should be audited with respect to accuracy of and completeness of system entry.
2. Receipt date and deposit date of cheque should be same day or T+1.
3. Check 100% franchisee registration documents

### **B. Process: Business Associate Service System**

### **Scope of Audit:**

- 1) Online Registration & Authentication.
- 2) 100 % Checking of KYC Documents.
- 3) Random Checking of payments of commission

### **C. Product: On Line / Off line Mutual Fund Registration**

### **Scope of Audit:**

- 1) System generated request letter and terms and conditions should be duly signed by all holders.
- 2) Self attested KYC documents i.e. PAN Card (mandatory) and Proof of residence for all the holders.

Scope of Regional Audit

- 3) Self attested Client Master Report (CMR) given by Mutual Fund Utility (MFU)
- 4) Receipt stamp should be affixed by the branch person verifying the document along with the date, employee code and employee name.

## **Scope of Audit of Sub-broking Activities**

### **Compliance with BSE/SEBI regulations**

1. Only NISM/SORM certified dealer should man the terminals.
2. Display of Notice Board in the branch.
3. Display of Authorised Person (AP) certificate & Display of SHCIL Services membership certificate (Reg. with BSE, NSE, NSE – F&O and MCX) in the branch
4. Display of Do's and Don'ts in the branch.
5. Verification of voice loggers at the branches – working and random check.
6. Register for client complaints/ grievance
7. Check whether a record of the client's orders/instructions is being maintained for clients who remain in person and are not placing orders through telephone, e-mail etc.
8. Check whether Visitors Book is maintained in all branches for clients coming in Branches for trading

The Visitors register should have the following fields:

Date	Sr. No.	Name and contact details	Purpose	Person to meet	Time-in Sign	Time – out Sign

9. Enlisting all clients with dues exceeding T+5 day, vis-à-vis demat holding value.
10. Check whether all cheques entered in the SHCIL Services Back Office System have deposited in bank.

### **Scope of Audit of Gold Rush**

The Auditor needs to verify the following:

1. High Value Transactions:- 100% Audit of value exceeding Rs 50,000/- for forms and PAN documents.
2. Customer Complaint/feedback.
3. 100% Audit of KYC documents collected.
4. 100% Audit of all modification requests.
5. 100% Audit of all withdrawal requests above Rs.50,000/-.
6. Random Audit of all withdrawal cases.
7. 100% Audit of all closure requests.

## **Scope of Audit of Custodial operations**

**Presently the custodian operations are conducted at Delhi, Kolkata & Chennai regions.**

### **General:**

1. Physical verification of Securities held in regional office/branch custody.
2. Audit of vault operations.
3. Other operational areas, if any.

### **Finance Audit:**

1. Income booking.
2. Verification of Trial Balance on quarterly basis
3. Compliance with tax regulations

## **Scope of Audit of NPS activities**

### **Monthly, Quarterly, Half yearly and Yearly basis**

1. Verification of new account opening documents/ KYC (PAN mandatory) and checking of PRAN generated
2. Checking whether cheque given by clients:
  - a) Are matched with their PRAN numbers and proper receipts are issued
  - b) Receipt date of cheque and deposit date in bank by the branch are recorded.
  - c) Cheques are deposited in CMS bank account and CMS slips should be stored with Contribution pay-in-slip
3. Rejected NPS registration forms along with documents and funds have been returned to subscriber.
4. Branch follow up for bank details (if not available in the system) of subscriber, in case of refund.
5. Check whether credit is received for every receipt created in NPS or cancellation of receipt entry.
6. In case of dishonour of cheques and units are allotted to subscriber, follow up with the subscriber for recovery of the dishonoured amount.
7. Receipt and despatch date of withdrawal form at Branch as PFRDA TAT is T+1 day for processing withdrawal on CRA.
8. Check the CSRF (Account opening form) form has been despatched to H O after activation of PRAN within the PFRDA TAT.
9. Maintenance of copies of all account opening/ modification documents to be available in scan/ physical form.
10. Collection and Maintenance of NCIS contribution slip for both initial and subsequent subscribers with clear indication of investment in Tier I or Tier II.
11. Maintenance of Grievance Register.
12. Any other scope as may be laid down by Regulators from time to time.

### **Reference Guidelines**

**The guidelines prescribed hereunder do not limit the scope of the audit and inspection. The points mentioned are only indicative in nature and not exhaustive. This has been prepared based on the regulatory requirement (as per relevant act, regulations and circulars) which keep on developing from**

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**time to time. The auditors should peruse them and update the scope of the audit. The auditors should clearly indicate ‘Yes’ indicating Compliance, ‘No’ indicating Non-compliance and ‘NA’ wherever ‘Not Applicable’.**

The report shall also include the following.

1. In case of any non-compliances/findings/observations/qualifications by the auditor the management comments/ responses should be obtained against each point. Further paragraph wise comments are required to be given by the management for corrective action taken as given in the format above.
2. Improvements brought about in the operations between the last audit and the current audit.
3. Auditor shall specifically declare about direct / indirect interest in or relationship with the Point of Presence or its shareholders / directors / partners / proprietors / management if any and also confirm that they do not perceive any conflict of interest in such relationship / interest while conducting audit of the said Point of Presence.
4. Membership number allotted by the affiliated professional body should be quoted at the bottom of the report as provided in the format. Each page of the report shall be signed and stamped by the auditor.
5. In case any violations/qualifications/observations are observed by the auditor the same shall be submitted as annexure with complete details and should be quantified specifying the no of instances, value etc. and the evidences should be enclosed with the Audit Report.
6. Sample size indicated in the format above is minimum sample size. The auditor may increase the sample size as it may deem fit. It is desirable that the sample selected is representative sample of the population.
7. The details of the sample checked by the auditor needs to be provided along with the report.
8. The audit report should be submitted to NPS Trust as per the report format specified above along with the POP management comments wherever non-compliance/adverse remarks are made by the auditor.
9. In case where audit report submitted is incomplete and not as per the guidelines like sample size not given, only certificate submitted without report, same would be treated as non-submission of Audit report. NPS Trust reserves the right to advise the auditor to get the Audit redone for completing the set audit process and format or change the auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.

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10. If in the opinion of the auditors, any observation related to any area also possesses a risk relating to Anti Money Laundering (AML) or Combating Financing of Terrorism (CFT), then such observation should be highlighted clearly specifying the risk relating to it.
11. In case of deviations observed, the quantum of compensation as per prescribed Regulations and Operational Guidelines has been calculated, shared with the PoP and also mentioned in the report for submission to NPS Trust.

## **Scope of Audit of Insurance activities**

The auditor needs to verify the following:

1. Know Your Client (KYC) records of the client, as required under the Prevention of Money Laundering Act 2002.
2. Copy of the proposal form duly signed by the client and submitted to the insurer with Agent's Confidential Report (ACR) signed by the specified person of corporate agent.( In case of Proposal filed physically)
3. Computer generated electronic Report which contains list of clients, details of policy such as type of policy, premium amount, and date of issue of the policy, charges or fees received. (Business procurement entries need to be done by branches and Policy Reconciliation/ Income Receivables by raising GST Bills, Recoveries by H.O.)
4. A register containing details of complaints received which include name of the complainant, nature of complaint, details of policy issued/solicited and action taken thereon.
5. Details of Specified Person's Certification by employees need to be verified at Branch/ Regional level.
6. Confirmation on Half Yearly & Yearly compliance filled with IRDAI by HO.
7. A statement on Business done through ISNP (Insurance Self Networking Platform) portal with Number of Policies, Amount of Premium collection & Income Generated required to be filled by HO.

### **Scope of Audit of Security system at branches**

- 1) Key movement register as per SOP. A copy of SOP should also be available with BM.
- 2) Keys for Guard well – one employee to have only one key.
- 3) Door Keys – Should be with BM / Employee and not with anyone else.
- 4) Keys on offsite location – proper record should be maintained
- 5) Every door in the office which has a lock should be locked. Wherever there is no lock and there is provision for lock, a lock should be put.
- 6) Recording of each Camera should be checked every day by BM or an employee designated by BM. Everyday check for recording during the night for 10 -15 min around 11 – 11 :30 PM or 12 – 12:30 pm or any other time of the night. Ensure that a light is kept “ON” during the night near each camera.
- 7) Camera should cover the entry, the bullion display box and guard well/ safe containing the bullion. At each stage the face of the person must be clear. If it is not so, the camera settings should be modified. In case all the three (entry, display and guard well is not covered, additional camera should be placed).
- 8) The password of the PC where image is stored should be with BM only. If the BM is going on leave an employee may be designated and the same should be recorded through email with a cc to area manager. The person who is being handed over the password should change it and the same should be changed again when the BM joins back.
- 9) The password for burglar alarm should be followed in the same manner as point no 8. BM or one designated employee must check and ensure that the alarm is ‘ON’ while closing the office.
- 10) The safe for bullion should be of Godrej make and ground mounted only. If it is not so the arrangement needs to be reviewed and necessary changes like mounting within the guard well (if it is available) may be looked at. The present status must be intimated correctly so that necessary rectification steps can be made.
- 11) All Windows including the ones in the washroom should be checked for iron grill.
- 12) Doors of the washroom must have locking facility (at least a latch) from outside also.

## **Scope of Audit of National E-Repository Limited (NERL)**

### **1 : NERL Account Opening process at Branch level**

1. The client will approach Stock Holding Branch for opening of a Repository account and submit duly filled in NERL Account Opening form along with the other supporting documents as per prescribed guidelines of Repositories.
2. In Person Verification will be carried out by StockHolding official.
3. StockHolding officials will scrutinize NERL account opening form, KYC forms and other KYC documents submitted by client prior to acceptance.
4. If the NERL Account opening form, KYC application form does not meet the prescribed guidelines, the same will have to be returned to the client with a request for re-submission.
5. StockHolding Official needs to ensure the KYC documents are self-attested by the client and Verified with original stamp affixed on all copies of proof submitted by Client.
6. PAN verified stamp to be affixed on PAN copy submitted by Client.
7. SHCIL official details to be mentioned on ACOP form and KYC form wherever is applicable.
8. On acceptance of complied documents branch official should collect the AMC charges (if any) and generate Temp ID.
9. Upon generation of Temp ID, Branch Official has to give system generated acknowledgment copy to Client.
10. On generation of Temp ID, the NERL account opening form and other documents to be send to the HO ACOP team for further processing.

### **2: Documents required for NERL account opening**

#### **2.1 Individual Category**

1. NERL Account opening form duly filled in all respect
2. CKYC application form duly filled in all respect.
3. In person verification of all holders on ACOP form and KYC form.
4. Self attested copy of PAN, Proof of identity and Proof of address of all the holders.
5. Cancelled pre-printed cheque leaf for bank details proof.
6. Farmer can put as EXEMP0000T instead of PAN card copy.
7. If the NERL account is opened in farmer category then ensure to collect 7/12 extract copy along with clear 7/12 number (PANI no)
8. Ensure signature of client on declaration form.

## **2.2 Body corporate accounts (Non Individual forms)**

1. Account opening form and KYC application form duly filled in all respect.
2. PAN Copy in the Name of Company is Mandatory for Corporate Account opening.
3. Address proof in the Name of Company is Mandatory for Corporate Account opening.
4. Copy of Balance sheet for the Last TWO financial year is required (to be submitted every year).
5. Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year).
6. Photograph, Proof of Identity, Proof of Address, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.
7. Photograph, Proof of Identity, Proof of Address, PAN of individual promoters holding control - either directly or indirectly.
8. Copies of the Memorandum of Association and Articles of Association are required.
9. Copy of Certificate of Incorporation is required.
10. Copy of the Board Resolution for investing in Commodity Market is required.
11. Details of Authorized signatories along with Photo and Signatures are required.
12. Supporting Documents should be attested by Whole time Director and person authorized to deal in Commodities on behalf of Company along with Company stamp.
13. Cancelled pre-printed cheque leaf for bank details proof.

## **3. NERL Account Opening process at HO level**

### **3.1 Initial Entry by Branch user**

1. After collecting all the documents from Client, Branch official needs to generate temp id (Account opening – initial accop entry) from back office and forward the scan copy of the same to HO Mumbai.
2. User path in Back office : Initial Accop Entry

### **3.2 Client Id generation on NERL website by HO user**

1. On the receipt of document at HO, account opening entry for generation of Client ID is done on NERL website directly (<https://nerlindia.com>).
2. After successful entry of data on NERL website, account number gets generated.
3. User path in NERL system :Organisation – CreateBeneficiary

### **3.3 Data entry in Back Office by HO user**

In NERL client enrolment process, data is captured in NERL website first then same transferred to Back office system. Data base is maintained in back office in two ways i.e. Manual process and File loading process

#### **3.3.1 Manual Process:**

1. Data can be updated in back office system manually by each record wise.
2. After generation of beneficiary account number on NERL web site, same will be mapped against temp Ids generated by Branch users in the Back office. Mapping activity is done by designated HO ACOP team official.
3. User path in Back office : ACOP - Comtract / NERL – Account opening – client id updation
4. User will first enter the temp ID in given field then system will flash the Name of the holder against that temp ID. User then will enter the Beneficiary /client ID generated on NERL web site and name of holder. After re-confirmation of entered details user will save the record.

#### **3.3.2 File loading process**

1. NERL provides the data in xls file on request.
2. File will be then converted in to CSV format in prescribed format and loaded in the Back Office through the options provided.
3. User Path in Back Office: Account opening – client Export upload
4. Key point to be remembers while converting file in CSV format  
Take Excel file from NERL open the same with open office

Replace (,) with (~).

Remove 2 (~) before PAN if 4 (~) are displayed in a file.

### **4: NERL Modification**

1. In case NERL client wants to modify any detail they can submit modification form (as per NERL Manual) to any StockHolding branch.
2. Branch official will check whether modification form is duly filled and signed and send the scan of the same to HO ACOP team.
3. On receipt of such modification request, HO user will make changes on the NERL web site as well as in back office manually.
4. User path in NERL system : Organization – view Beneficiary
5. User Path for modification in Back office: Account opening – client account closure.

### **5: NERL CM-TM Mapping**

1. CM-TM mapping is also done at HO level.

2. Branch official will collect duly filled and signed request form (as prescribed by NERL) and send the scan copy of the same to HO ACOP team.
3. Designated official from HO ACOP team will scrutinized the documents as per the guidelines set by Repository.
  - a. Entry of complied cases will be made directly on NERL website.
4. User path in NERL system : CM – TM trading beneficiary id ma

#### **6: NERL closure:**

1. NERL closure request to be accepted in NERL prescribed format.
2. On receipt of such request from client, the branch user will check whether same is duly filled and signed and send a scan copy of the same to HO ACOP team.
3. On receipt of NERL Closure form, designated official from HO ACOP team will scrutinized the documents as per the guidelines set by Repository.
4. The complied case will be send to DP Billing team for NDC confirmation.
5. On receipt of confirmation from Billing team If pending dues are not there then status of the account will be changes as closed in back office as well as on NERL web site.
6. User path in Back office: Account opening – client account closure
7. User path in NERL system: Mater – Beneficiary closure

Please Note: We have to login through Admin login id and same can be closed but once closed account can't be reopened

8. If DP billing team reverted with pending dues for the client then related mail will be send to the conserved branch and branch in turn informs the client.
9. After recovery of pending dues from client, the process as mentioned above will be followed.



## **Scope of Audit of CDSL Commodity Repository Limited (CCRL)**

### **CCRL Account Opening process at HO level**

#### **1. Client Id generation on CCRL website by HO user**

1. On the receipt of document at HO, account opening entry for generation of Client ID is done on CCRL website directly (<http://www.ccrl.co.in>)
2. User path in CCRL system: Customer- Select CCRL- Login RP-SHCIL User name and password.
3. After successful entry of data on CCRL website, account number gets generated.

#### **2. Checker entry: CCRL site**

1. User path in CCRL system : Client- Account Opening-New- Action- Authorize- Checker id- Submit- Submit
2. Account ID generated in CCRL system to be note down carefully for further use.
3. All documents and signature will be uploaded to CCRL site. Documents should be in JPG format (Documents to be loaded one after another by selecting proof details).
4. User path in CCRL system : Client- Document scan- Save

#### **3. CCRL procedure of mapping the client ID in back office is same as NERL as mentioned in the Annexure “32” pertaining to NERL.**

#### **4. TM –CM mapping & Client CM linking :**

1. Mapping will be done directly on CCRL site
2. Path : client – Masters – TM –CM Mapping or Client CM linking

#### **5. CCRL client Modification:**

1. In case CCRL client wants to modify any detail they can submit modification form (as per CCRL Manual) to any StockHolding branch.
2. Branch official will check whether modification form is duly filled and signed and send the scan of the same to HO ACOP team.

3. On receipt of such modification request, HO user will make changes on the CCRL web site directly.
4. Details will be modified only if the checker entry is done. If same is not done then HO ACOP team official will coordinate with CCRL team.

**6. CCRL closure:**

1. CCRL closure request to be accepted in CCRL prescribed format.
2. On receipt of such request from client, the branch user will check whether same is duly filled and signed and send a scan copy of the same to HO ACOP team.
3. On receipt of CCRL Closure form, designated official from HO ACOP team will scrutinized the documents as per the guidelines set by Repository.
4. The complied case will be send to DP Billing team for NDC confirmation.
5. On receipt of confirmation from Billing team If pending dues are not there then status of the account will be changes as closed in back office as well as on NERL web site.
6. User Path : Account opening – client account closure

## **Scope of Branch Rating**

### **SCOPE & METHODOLOGY:**

The process for branch rating is as follows:

- The audit observations for the NSDL & CDSL half year Audit report to be considered as a base.
- The gradation of the audit observations into High, Medium and Low Risk was done on the basis of previous Audit Report.
- Based on the number of observations under each risk category negative scoring was given to the branch.

The matrix of negative scoring is given below:

<b>No. of observations</b>	<b>Risk</b>	<b>Negative Points</b>
<=2	Low	1
>2-4	Low	2
>4-6	Low	3
>6-10	Low	4
>10	Low	5
less than 2	Medium	3
>2<=4	Medium	4
>4	Medium	5
less than 2	High	5
>2<=4	High	8
>4	High	10

## Annexure – 14

### Scope of Audit of DP Concurrent Audit (NSDL)

Sr. No.	Area	Percentage of samples to be verified
1.	Account Opening forms (In case of Decentralisation) and online accounts opened without e-sign	100%
2.	Demat requests	-
3.	Remat requests	-
4.	Conversion requests	-
5.	Reconversion requests	-
6.	Redemption requests	-
7.	DIS book issuance (Including loose slip issuance) (100%)	100
8.	DIS execution (25%)	-
	b) Physical DIS	25%
9.	Replacement of Original DIS image in tamper proof storage (100%)	100%
10.	Inter Depository Debit transactions of government securities	100%
11.	Pledge / hypothecation instructions	-
12.	Client data modifications	100%
13.	Account Closure requests	
	- Initiated by client	-
	Transmission	100%
14.	Investor grievances received by Participant –verify the entire documentation.	100%
15.	Non Disposal Undertakings (NDU)	100%
16.	Accreditation of investors (IGP)	100%

Where ever “-” is mentioned, it implies that there exists no mandate/ guideline by the depository and the sample size is on a random basis.

**Internal auditors are requested to ensure that the following points should be categorically audited while conducting DP Concurrent audit as per NSDL.**

1. “10% sample PAN verification” for all accounts by internal auditors. (As per NSDL guidelines the DP has the onus of doing this verification 100%).

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2. “100% verification of PAN updates for frozen accounts or PAN modifications for dormant accounts” by internal auditors.
3. 100% verification of modification.
4. 100% audit of dormant account closures where holdings were transferred.
5. 100% Audit and verification of “Off-Market Transactions/ trades”.
6. Availability of Investor grievance register
7. Contact details for registering Investor Grievance displayed on notice board in branches.
8. List of services offered by the branch displayed on Notice Board.
9. Depository conducts surprise audit in branches and inspection at HO. Auditor is required to check for inspection report and verify correction of non-compliance.
10. Compliance of circulars/ guidelines issued during the audit period applicable to clients
11. Verification of KYC data/ documents uploaded on KRA/ CKYC
12. Compliance under Prevention of Money Laundering Act, 2002 (PMLA)
13. Verification of audit data/documents on DPM
14. Verification of IT related check points mentioned in IAR
15. Verification of Transnet/ Electronic instruction
16. Verification of Speed-e/ IDeAS registration documents

Note:

1. Completion of Concurrent Audit by the next working day or within a week (in case of large volume).
2. Minor deviation should be rectified during the period of audit only
3. Auditor shall submit duly signed list of samples verified during monthly/half yearly audit for the activities where 100% concurrent audit is not applicable.

### Scope of Audit of DP Concurrent Audit (CDSL)

Sr. No.	Audit Area	Percentage of samples to be verified
1.	Service centres visited	-
2.	Account opening (In case of De-centralisation) and online accounts opened without e-sign	100%
3.	BO Account data modifications	100%
4.	Dematerialisation/ Destatementization	-
5.	Rematerialisation/ Restatementisation	-
6.	DIS issuance	100%
7.	DIS processing - Off market, on market, inter-depository, early pay in instructions	100%
8.	Inter Depository Debit transactions of government securities	100%
9.	Account closure initiated by BO	-
10.	Pledge, unpledged, hypothecation & confiscation instructions	-
11.	Transmissions	100%
12.	BO Grievances/ Redressed	100%
13.	Non Disposal Undertakings (NDUs)	Regional auditor's scope
14.	Accreditation of investors (IGP)	-

Where ever “-” is mentioned, it implies that there exists no mandate/guideline by the depository and the sample size is on a random basis.

**Internal auditors are requested to ensure that the following points should be categorically audited while conducting DP Concurrent audit as per CDSL**

1. “10% sample PAN verification” for all accounts by internal auditors by visiting the IT website (as per CDSL guidelines the DP has the onus of doing this verification 100%)
2. “100% verification of PAN updates for frozen accounts or PAN modifications for dormant accounts” by internal auditors, by visiting the IT website.
3. 100% Audit of dormant account closures where holdings were transferred.
4. 100% Audit and verification of modification.
5. 100% Audit and verification of “Off-Market Transactions/ trades”.

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6. Availability of Investor grievance register
7. Contact details for registering Investor Grievance displayed on notice board in branches.
8. List of services offered by the branch displayed on Notice Board.
9. Depository conducts surprise audit in branches and inspection at HO. Auditor is required to check for inspection report and verify correction of non-compliance.
10. Compliance of circulars/ guidelines issued during the audit period applicable to clients
11. Verification of KYC data/ documents uploaded on KRA/ CKYC
12. Compliance under Prevention of Money Laundering Act, 2002 (PMLA)
13. Verification of Audit data/documents on CDAS
14. Verification of IT related check points mentioned in IAR
15. Verification of Transnet/ Electronic instruction
16. Verification of EASY/ EASIEST registration documents

Note:

1. Completion of Concurrent Audit by 7th of the subsequent month.
2. Minor deviation should be rectified during the period of audit only.
3. Auditor shall submit duly signed list of samples verified during monthly/half yearly audit for the activities where 100% concurrent audit is not applicable.

## **DISCLAIMER**

**The scope of the audit is subject to a periodic review with reference to the changes in type and nature of the product & services, business conditions and regulatory framework.**