

Request for Application for Appointment of Regional Auditor for Andhra Pradesh and Telangana Region

Reference No.: SHCIL/ARAAPT/2023/01



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

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This document is not an offer by StockHolding, but an invitation to receive response from eligible interested audit firms for appointment of Regional Internal Auditor for Andhra Pradesh and Telangana Region as per scope of work specified in this document. This document should be read in its entirety.

The purpose of this document is to provide the interested firms with information to assist the formulation of their proposals. This document does not claim to contain all the information each bidder may require. Each bidder should conduct its own investigations, analysis and should check the accuracy, reliability and completeness of the information in this document 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 document. StockHolding may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information in this document. StockHolding also reserves the right to reject any or all responses 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.

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RFQ- Appointment of Regional Internal Auditor for Andhra Pradesh & Telangana Region

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July 18, 2023

Introduction

About StockHolding

Stock Holding Corporation of India Ltd. (StockHolding) was promoted by the public financial institutions and incorporated as a limited company on July 28, 1986. The Corporation provides post trading and custodial services to institutional investors, mutual funds, banks and insurance companies. StockHolding has more than 200 offices across the country. It is one of the largest Depository Participants, besides being the country's largest custodian. StockHolding also provides Professional Clearing Member services to trading members in the Futures & Options segment. The Corporation also offers various products, like distribution of IPO, Bonds, Fixed Deposits, GOI Bonds, Sovereign Gold Bonds etc. under its third party financial products tag to clients. StockHolding acts as Point of Presence (POP) for National Pension System. StockHolding also provide sub-broking services through its wholly owned subsidiary, StockHolding Services Ltd. StockHolding acts as a Central Record Keeping Agency for collections and payments of stamp duty in various states and Union Territories of India. Stockholding also provide document management solutions through its subsidiary StockHolding Document Management Services Ltd. (SDMS).

To know more about the Company please visit www.StockHolding.com

OBJECTIVE

The objective of this document is to select the Regional Internal Auditor for Andhra Pradesh and Telangana Region as per scope of work specified in this document.

BRIEF ROLE OF REGIONAL INTERNAL AUDITOR

- 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 RFQ 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.

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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 and final reports should be submitted before the specified deadlines as per the scope of audit defined in this 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.
15. The lead partner should be involved with the finalization of the audit report and discussion of the audit observations with the management.
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 scope of audit for Regional Internal Auditor is annexed herewith as ***“Annexure IV”***.

Brief Detail of Region for appointment of Regional Auditor

Sr. No.	Region	States in the region	No of Branches in the region	Regional office located at
1.	Andhra Pradesh & Telangana	Andhra Pradesh & Telangana	16	Hyderabad G-6-G-10, Ground Floor, Swarna Jayanthi, Near Huda Maitrivanam, Ameerpet, Hyderabad-500038

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 Head office/ registered office/ branch office (with partner) at Hyderabad.
4. The firm should be empanelled with RBI/ CAG/SEBI/ Promoter Institutions of Corporation.
5. The firm should have more than Ten (10) years of standing in practice.
6. The firm should have minimum Five (5) partners.
7. The audit firm should have minimum Five (5) corporate clients for Statutory/Internal audit in last 3 years.
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 Rs.50 lakhs or more from practice, in the last three financial years.

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 Rs. 20 crore or more, in the last 3 years.
13. 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. **Tenure of appointment:** The appointment will initially be for one year starting from 01-October-2023 to 30-September-2024 for conducting Regional internal audit for Andhra Pradesh & Telangana Region. The Company at its sole discretion may extend the contract for further 2 terms of one year each, based on the performance and with the approval of Competent Authority. There will be no revision of fee in the entire term of this audit assignment.
2. **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 at Rs. 1,00,000/- (Rs. One Lakh only) per annum plus applicable taxes. Any financial quotes received below the base amount will be rejected.
3. **Place of Audit:** The audit work has to be primarily conducted at the Regional office at Hyderabad and branches of StockHolding in the Andhra Pradesh & Telangana regions.
4. **Out of Pocket Expenses:** 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.
5. **Settlement of Bills:** The bills will be settled on quarterly basis after submission of all the reports and invoice.

6. **Termination of contract:** Stockholding reserves the right to terminate the contract at any time during the contract period by giving 90 days 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.

7. **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.

8. **Right to alter RFQ:**
 - a. StockHolding reserves the right to alter the RFQ terms and conditions at any time before submission of the bids.
 - b. StockHolding reserves the right to cancel the RFQ/contract.
 - c. StockHolding reserves the right to modify, amend, alter and/or cancel the entire RFQ at any stage without assigning any reason whatsoever. StockHolding's decision in this regard will be final and binding on all bidders.

9. The CA firms engaged with the StockHolding during the year October 2018-September 2022 as Internal Auditors shall **not** be eligible for applying under the present RFP.

10. 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.

11. 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.

12. 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.

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Submission of quotations

1. The firm fulfilling the above minimum eligibility criteria should submit the application mentioning all the details along with the financial quotation as per “Annexure I, II & III”.
2. **Timelines:** The signed and password protected quotation should be submitted by email to **Internal.auditor@stockholding.com** on or before the **5 P.M. on 10th August 2023**. The size of the mail should be less 10MB. The date of opening of password protected bids will be intimated later.
3. The decision of StockHolding shall be final and binding on all the applicants.

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

Name of the contact person	Contact details & E-mail ID
Mr. Milind Chiplunkar, Asstt. Manager Internal Audit Department	9867067240 Internal.auditor@stockholding.com
Mr. Sanjeev Kumar, Senior Manager Internal Audit & Risk Department	9987776250 Internal.auditor@stockholding.com

(On the Letterhead of the Company) Annexure I

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

Dear Sir/Madam,

Re: Application for appointment as Regional Internal Auditor for Andhra Pradesh & Telangana Region and Declaration w.r.t. Eligibility Criteria.

Particulars/ Details of the Firm:

Sr. No.	Particulars	Details
1.	Name of the Firm/Company	To be filled
2.	Constitution	Attach self-attested Registration Certificate
3.	Address of Head office/Registered office with Pin-code	Attach self attested document
4.	Address of Branch office with Pin-code	Attach self attested document
5.	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	Attach self attested document
6.	Date of Establishment of the firm	Attach ICAI Firm Card
7.	No. of Years of the firm in practice	Attach self attested document
8.	No. of CA partners of audit firm	Attach self attested document

Sr. No.	Particulars	Details
9.	No. of Fellow CA partners	Attach self attested document
10.	No. of partners at Branch	Attach self attested document
11.	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 attach documentary evidence
12.	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 attach documentary evidence
13.	Firm's PAN/GST No.	Attach Document
14.	Empanelment Details with RBI/ CAG/ SEBI/Promoter institution of corporation	Attach empanelment document
15.	Firm's Registration No. with ICAI	Attach Document
16.	Average Financial turnover of audit firm in last 3 Financial year	Attach self attested Turnover certificate document
17.	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 Attach documentary evidence
18.	The Lead Partner and the firm does not have any conflict of interest with StockHolding group.	Attach Self Declaration
19.	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).	Attach Self Declaration
20.	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	Attach self Declaration
21.	Self Declaration	Attach Annexure III

I/We _____ do hereby confirm that

1. Our firm is having Head/Registered / Branch office in _____.
2. Our firm is empanelled with RBI/CAG/SEBI.
3. Our firm has years standing in practice.
4. Our firm has Partners.
5. The Audit firm is not debarred or restrained from issuing any certificate by ICAI, RBI, SEBI, PFRDA, IRDA, or by other regulator/law enforcement agency.
6. No adverse remarks / disciplinary proceedings pending / initiated against the firms /any of its partners / Proprietor on record of Institute of Chartered Accountants of India or any relevant institute/authority.
7. We will provide documentary evidence relating to any of the above point, if required by the company at the time of appointment.

Declarations:

- We confirm that all the information provided by me/us here above is correct to the best of my/our knowledge & belief.
- We confirm that we meet all the eligibility criteria mentioned in the document & we have not been de-panelled / Black listed by any organization in the past
- I/We have read the terms and conditions stipulated for appointment as Regional Internal Auditor for Andhra Pradesh & Telangana Region and I/We also understand that StockHolding has reserved its right to accept or reject the application without assigning any reasons. If selected for appointment as Auditor for this audit assignment and the offer is accepted, I/We will execute Service Level Agreement and Integrity pact in the format given by the company.

Date:
Place:

Signature of Authorised Signatory
Name:
Designation:
Stamp

Format for Financial Quotes**(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 Regional internal audit of Andhra Pradesh and Telangana Region (renewable every year for one year term as per terms and conditions given in the RFQ 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 is as under:

Particulars	Amount in Rs.
Annual Professional fee (exclusive of applicable taxes) No revision in annual professional fee for entire term	
GST @ ____ %	
Total Fee	
Amount in Words: Rs.	

I/We understand that:

1. Only annual professional fees (exclusive of taxes) are to be quoted.
2. Bid will be evaluated on annual professional fee excluding taxes.
3. 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.

4. No out of pocket expenses will be paid on account of local conveyance, dearness allowance and daily allowance etc.
5. 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.
6. No revision of audit fee in three year appointment term.

Signature of Authorised Signatory

Date:
Place:

Name:
Designation:
Stamp

Annexure III**(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 REGIONAL INTERNAL AUDITOR OF ANDHRA PRADESH AND TELANGANA REGION OF STOCKHOLDING

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

We agree to undertake the assignments, if given by you, as per the scope of work laid down under the RFQ 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 Stock Holding 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 Stock Holding shall be entitled to terminate the Contract, if executed with our firm, or initiate suitable

action as deemed fit and appropriate by the Stock Holding, 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

**STOCK HOLDING CORPORATION OF INDIA
LTD.**

SCOPE FOR REGIONAL AUDIT

Period: October - 2023 to September - 2024

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Details of Regional Audit

Sr. no.	Details of Audit	Frequency	Scope of Audit
A	Quarterly Audits		
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	Pls. refer Annexure-16
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.	Regulatory Audit		
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 -	Half yearly	

Scope of Regional Audit

	Retail concurrent audit report at B 2		
C	Certification		
1	Certificate for remittance of stamp duty to Government Authority for E Services products	Quarterly	

List of Branches as on June 06, 2023

Master Sr. No.	Region Sr. No.	Region with Branches
		Mumbai (HO) – Total - 2
1.	1.	Mahape
2.	2.	Centre Point
		Mumbai – Total No. of Branches – 20
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
		Maharashtra (Excl. Mumbai) – Total No. of Branches – 17
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 June 06, 2023

Gujarat- Total No. of Branches - 24		
40.	1.	Ahmedabad – Ashram Road
41.	2.	Ahmedabad – IFCI Bhavan
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.	Porbandar
55.	16.	Rajkot – Kalawad
56.	17.	Morbi
57.	18.	Surat – Adajan
58.	19.	Surat – Ring Road
59.	20.	Surat – New Citylight Road
60.	21.	Baroda – Karelilbag
61.	22.	Baroda – Racecourse Road
62.	23.	Baroda – Sayajigunj
63.	24.	Visnagar
Delhi, NCR & Haryana – Total No. of Branches - 13		
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
75.	12.	Karnal
76.	13.	Noida
Uttar Pradesh and Uttarakhand – Total No. of Branches – 14		
77.	1.	Agra
78.	2.	Bareilly
79.	3.	Gorakhpur
80.	4.	Jhansi

List of Branches as on June 06, 2023

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
		Bihar, Jharkhand & Chattisgarh – Total No. of Branches – 11
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
		Punjab, J&K, Himachal Pradesh, Chandigarh, Haryana (Part) – Total No. of Branches – 14
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
		Rajasthan and Madhya Pradesh – Total No. of Branches – 15
116.	1.	Ajmer
117.	2.	Alwar
118.	3.	Bikaner
119.	4.	Jaipur – Malviya Nagar
120.	5.	Jaipur – Sangam Tower

List of Branches as on June 06, 2023

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
		Karnataka – Total No. of Branches – 20
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
		Andhra Pradesh & Telangana – Total No. of Branches - 16
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 June 06, 2023

163.	13.	Tirupati
164.	14.	Vijaywada
165.	15.	Vishakapatnam
166.	16.	Warangal
		Tamil Nadu & Kerala – Total No. of Branches – 25
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
		East & North East - West Bengal, Odisha, Assam & Tripura – Total No. of Branches – 13
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 Stock Holding centres at SRO offices should include followings.

E stamp generation process

- a) Completeness of e-Stamping/e-Court-fee/e-Registration Application Forms submitted by clients & its proper filing for future reference.
- b) Checking of customer signature on a copy of print preview and 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.
- c) Count of the acknowledgement by clients for receipt of e-Stamps/ e-Court fee/ e-Registration certificate/ receipts as per the register to tally with system generated report for a particular day
- d) Pay-in-slip generation on regular basis at branch level for e-Registration, e-Stamping and e-Court systems.
- e) To check whether cash collected matches with the amount as per pay in slip + cash on hand on a particular day.
- f) Check whether the bank acknowledgment slip has been received from CMS after cash deposition in bank.
- g) Matching credit received in bank statement with the amount as per system generated - pay in slip report.
- h) Verifying cash in hand with the system report at EOD
- i) Checking and reporting of pending submission cases > 3 days
- j) Checking of print quality of a sample e-Stamp
- k) Audit of rectifications of e-stamp certificate tallying with forms
- l) Certificate generated but not printed for SHCIL account type excluding "Online associates" & Account type "SWIFT"
- m)

Colour stationery management

Scope of Regional Audit

- a) To verify closing stock details of colour papers with system report for e-Stamp Certificates and e-Court receipts, including spoiled/mutilated one.
- b) Color stationary maintained in lock & key and receipt, disbursement and usages are recorded in register maintained.
- c) Availability of 80 gsm paper where plain papers are used.

Safety & security

- a) Verifying whether concerned employee is using his/her own User ids
- b) Operational set up is in such a way that StockHolding systems, colour stationery, daily collections, safe guards & any other important official documents are not accessible to general public/clients.
- c) Availability of safe guard and two different employees having possession of both set of keys.
- d) Availability of camera, it's working condition & its AMC status (As applicable/allowed by Government authority).
- e) Fake note detection machines are in working condition at SRO counter
- f) Seal and Stamp of StockHolding counter in proper custody.

Others

- a) checking of hardware as per product requirement i.e. Windows10, Printer, 1 backup Cartridge
- b) Display of Banner, Working hours, Details of SRO, contact nos, complaint nos., holiday list.
- c) Register to record visits of branch official

II. Audit at Branches (including regional office): Audit of e-Services at branch offices should include followings.

E stamp generation process

- a) Completeness of e-Stamping/ e-Court-fee/ e-Registration Application Forms submitted by clients & its proper filing for future reference.
- b) Verification of customer signature on a copy of print preview and 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.
- c) Count of the acknowledgement by clients for receipt of e-Stamps/ e-Court fee/ e-Registration certificate/ receipts as per the register to tally with system generated report for a particular day
- d) Pay-in-slip generation on regular basis at branch level for e-Registration, e-Stamping and e-Court systems.
- e) To check whether cash collected matches with the amount as per pay in slip + cash in hand on a particular day.
- f) Check whether the bank acknowledgment slip received from CMS after depositing cash.
- g) Matching credit received in bank statement with the amount as per pay in slip system report.

Scope of Regional Audit

- h) Verifying cash in hand with the system report at EOD
- i) Checking and reporting of pending submission cases > 3 days
- j) Checking of print quality of a sample e-Stamp
- k) Audit of rectifications of e-stamp certificate tallying with forms
- l) Certificate generated but not printed for SHCIL account type excluding "Online associates" & Account type "SWIFT"

Colour stationery management

- a) To verify closing stock details of colour papers with system report for e-Stamp Certificates and e-Court receipts, including spoiled/mutilated one.
- b) Colour stationery maintained in lock & key and receipt, disbursement and usages are recorded in register maintained.
- c) Availability of 80 gsm paper where plain papers are used.
- d) In case of operational branch, receipts of colour stationery 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 equivalent to consumption, at least.

Safety & security

- a) Verifying whether concerned employee is using his/her own User ids
- b) Operational set up is in such a way that StockHolding systems, colour stationeries, daily collections, safe guards & any other important official documents are not accessible to general public/clients.
- c) Availability of safe guard and two different having possession of both set of keys.
- d) Availability of camera, it's working condition & its AMC status (As applicable/allowed by Government authority).
- e) Fake note detection machines are in working condition at SRO counter
- f) Seal and Stamp of StockHolding counter in proper custody.

Others

- a) Checking of hardware as per product requirement i.e. Windows10, Printer, 1 backup Cartridge
- b) Display of Banner, Working hours, Details of SRO, contact nos, complaint nos., holiday list.
- c) Register to record visits of branch official

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

Government payment

- a) Daily remittance of the funds to the State Government on or before the agreed schedule.
- b) Check whether the Government acknowledgment has been obtained for the remittance made by SHCIL.
- c) Verification of challan and entry into the system

Scope of Regional Audit

- d) Reconciliation on monthly basis of the payment made to the Government as per the system report.

Invoicing & Receivables

- a) Checking whether Invoices raised on Government are as per tariff and GST specified in current agreements with states and match with the system report for collection (applicable to Invoicing states only)
- b) Checking whether Invoices are raised on Bulk clients (facilitation fees and bulk service charges) on monthly basis
- c) Proof of delivery of Invoices to Government, Bulk Clients, Color stationeries, Digital Clients (as applicable).
- d) Checking of correct receipt amount, TDS and GST amount against the invoice raised with documents
- e) Pending Government commission amount and follow up status for outstanding greater than 3 months.

Cash and Bank

- a) Check any delay in Cash confirmation in the system. Checking whether all cash confirmation are done in the system on T or T+2 basis
- b) To check whether credit received in bank statement tallies with the system generated report of pay in slip.
- c) Capturing of instrument reference no. as per bank statement while giving the clearance.
- d) Amount of clearance given for generation of multiple e-Stamp certificates does not exceed the amount of single payment
- e) To check whether all the authorized signatories for operating bank accounts are existing employees of the region
- f) Verifying whether the amount of service charges deposited in bank tallies with the system report of back end for the same (for applicable states)

LGAs/ACCs

- a) Checking of agreement and KYC documents for individual ACC/LGAs on-boarded during the year
- b) Checking timely Remittance from Notional Imprest based ACCs
- c) Imprest given to Notional Imprest ACCs are in line with request from the client
- d) Imprest given to Notional Imprest ACCs are in line with volumes generated by ACCs and to report excess imprest is given
- e) Verifying correctness of amount and ACC code with bank file/statement received from bank for manual credits given to imprest ACCs (when entries not posted through e coll)
- f) Verifying capturing correct ACC code and amount for funds received from notional ACCs
- g) Whether original Invoices are received from ACCs for commission payments are received
- h) Verifying commission payable for a month with the system report for mobilisation and rate of commission

Colour stationery management

- a) Verifying record of Receipt of color stationery from colour stationery vendor and record of its distribution to branches and ACCs.
- b) Verification of closing stock of colour stationery with system report
- c) Safe custody of colour stationery.
- d) Physical custody of mutilated/spoiled e-Stamp/e-Court color stationeries & its records for entire region.

Refunds & unclaimed credit

- a) Refund of Unclaimed credits /erroneous credits for online and offline cases. (sample data for verification will be provided by HO)
 - i. Client request for refund and refund initiated by region
 - ii. Verification of documents and amount refunded is correct
 - iii. Amount is refunded to the Source bank account number from where credit is received - Cross check from Bank statement and details provided by the bank
 - iv. e-stamp is not generated / not already refunded
- b) Verify whether Instrument/reference no. of amount refunded/utilised is blocked/marked in the FE system. 100% checking

Others

- a) Check validity period Bank Guarantee and reporting of BGs expiring in 3 months (As applicable)
- b) Checking and reporting of pending submission cases > 3 days
- c) List of Self printing online transactions where payment is made but certificates are not generated for > 3 months
- d) Application forms for user ids creation & relevant documents and modification in existing user ids (as applicable) as per system report.

IV Audit of an outsourcing agency “M/s. Everon Logistics Ltd” at Gujarat:

The auditors will be required to cover 7 to 10 counters quarterly and same shall be reported separately on below mentioned parameters

- a) Staff present at the counter
- b) E-Stamping Application form – Specified format
- c) Stamp issued register (Inward & outward)
- d) Print resolution
- e) Check image of e-Stamp certificate printed by the ACC.
- f) Stock tally of the e-Stamping Stationary issued to the ACC with the system & register
- g) Checking of Error/mutilated certificates
- h) e-Stamp stationary kept under lock & key
- i) Check if e-Stamp certificates are stamped and signed by the ACC

Scope of Regional Audit

- j) Display of e-Stamping services board with ACC Number , address & contact details

V. e-Stamping - FINANCE:

Proper maintenance of Cash and Bank book):

- a) Verify quarter end cash balance as per certificate with cash book/TB
- b) Verify whether cash on hand Balance at the quarter end as per TB is deposited in the Bank subsequently on the next working day and report deficiencies, if any
- c) Reporting of any reconciliation item in cash certificate
- d) Checking cash deposit pay in slip amount with credit in the bank statement on random basis
- e) Verification of Bank Reconciliation Statement (BRS) and review of follow up of pending items in Bank Reconciliation, Report all items pending in the reconciliation greater than 90 days in BRS.
- f) Checking of subsequent clearance in bank/passing of entry in books for all reconciliation items reporting of all un-cleared items
- g) Verifying balance as per bank book with balance confirmation from bank

VI Government Payments:

- a) Verify Government payments are done as per system reports - 6 sample cases to be checked
- b) Check the quarter end Government Payable (GP) balance as per TB is deposited on the next working day
- c) Verify Confirmation/ acknowledgement from government at the financial year end for advance government payments (Chattisgarh & Rajasthan)

VII Inter Branch Confirmation

Checking of Head Office balance in Branch Trial Balances are matching with Balance confirmation as per the mail received from Head Office, Finance

VIII Scroll balance

Matching of Submission Done Certificate Not Generated (SDCNG) balance as per books with system reports and reporting of items greater than 90 days

IX Billing & Debtors

Follow up status for outstanding greater than 3 months

X Unclaimed Credits

Reporting of age wise unclaimed credits arising out of all receipts including digital receipts which are pending greater than 90 days

XI Commission Payments:

Scope of Regional Audit

- a) Verify original GST Invoice copies for Registered ACCs with the commission payable ledger on sample basis
- b) Reporting of outstanding commission payable > 1 year along with reason

XII ACCs

- a) Verify daily remittance from ACC (Notional Imprest) with the bank statement and proof of remittance to ensure that the remittance is made proper – non E coll accounts
- b) Reporting of debit balances in ACC account (Actual)
- c) Reporting of credit balances in ACC account (Actual)
- d) Checking balance confirmations from ACCs tallies with balance as per TB on sample basis

XIII Fixed Deposits:

- a) Physical verification of Fixed Deposit (i.e. FD)Receipts
- b) Matching of balance of FD as per balance confirmation from the banks with FD in the books
- c) 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
- d) Verify maturity proceeds of Principal and Interest (excluding TDS on maturity) with bank statement and books
- e) Verify accrued interest and TDS on interest booked with Interest Certificate/calculations

XIV Payment Gateway Service Provider (PGSP) – HO

- a) Matching of amount as per PGSP settlement report with the Actual Credit in Bank statement

XV Others

- a) Certification of Trial balances
- b) Follow up status by branch for TDS Receivables balances > 6 months as per TB
- c) Verify fund transfer of Income from regions to HO on monthly basis except for billing states
- d) Obtain the data regarding the Fake notes detected during last quarter

XVI Verification of PAN

- e) 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: Annexure

No.	Name of the client	PAN	Amount collected (Rs.)

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. Physical Application for Bond ledger account:

- a) Checking of Applications forms and supporting documents like KYC and cheque copy
- b) Correctness of data captured in back office software
- c) To verify that the application forms are stamped with the BROKER CODE stamp or a DIRECT stamp
- d) Checking whether Bond ledger accounts is generated for applications received
- e) Checking of modification and nomination details in the system with physical form
- f) Checking of pre mature redemption requests application form and completion of lock in period as per RBI circular for respective scheme
- g) Deposition of cheques accepted with application on T or T+1 day.

2. Compliance: (for GOI)

- 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 whether details like PAN, section (should be 193), amount appearing on 15G, 15H, 197 certificates are correctly captured in the system

3. Sovereign Gold Bond:

- a) SGB Applications forms and supporting documents like KYC, cheque copy etc.
- b) Correctness of data captured in back office software
- c) To verify that the application forms are stamped with the BROKER CODE stamp or a DIRECT stamp
- d) Deposit of Instrument in the bank on T or T+1day

4. Others: (For GOI & SGB)

- a) Transfer and Transmission cases. In transfer cases, to verify that the COH"s are defaced with stamp "Cancelled"

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 cheques.
- b) Verification of cheque 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 cheque collection to ensure the same are entered in the ISA system.
- e) Verification of cheques collected are deposited into the bank on next working day.

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

1. Documentation:

- a) All application forms (except IPO) - Accuracy and completeness of system entry.
- b) Whether the cheque is handed over to the issuer on same day or T+1.

2. Business Associate Service System:

- a) Online Registration & Authentication
- b) Checking of KYC Documents (100%)

3. On Line / Off line Mutual Fund Registration:

- a) Whether system generated letter with terms & conditions are signed by all the holders.
- b) Checking of KYC Documents (100%)
 - i. Self-attested KYC documents i.e. PAN Card (mandatory) and Proof of residence for all the holders.
 - ii. Self-attested Client Master Report (CMR) given by Mutual Fund Utility (MFU)
 - iii. Receipt stamp and signature of branch person verifying the document along with date, employee code and employee name.

Scope of Audit of Sub-broking Activities

Compliance with BSE/NSE/SEBI Regulations:

- a) To check NISM-SORM certification of the dealer.
- b) Display of Authorised Person (AP) certificate & Display of SHCIL Services membership certificate (Reg. with BSE, NSE, NSE – F&O and MCX) in the branch
- c) Display of Do's and Don'ts in the branch.
- d) Verification of working of voice loggers at the.
- e) Verification whether orders placed by the dealer matches with recording by voice Logger.
- f) Verifying from voice loggers whether security questions and UCC number are asked by the dealer to establish the identity
- g) Check whether a register 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.
- h) Signature of the client in register against the record of all orders or on the system generated report of orders from ODIN terminal
- i) Check whether the Visitors Book is maintained in all branches for clients coming in Branches for trading purpose and is duly signed by the client.
- j) Check whether all cheques entered in the SHCIL Services Back Office System have been deposited in bank i.e. to match with pay in slip.
- k) Checking list of cheque dishonour by the clients and reporting if dishonour for the same client is >1
- l) Instances of trade modifications and supporting approval
- m) Checking of Grievance Register

Annexure – 6

Scope of Audit of Gold Rush

General:

- a) Checking of all Withdrawal cum closure requests above Rs.50,000/- and random checking for below Rs.50,000/- with system records

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

NPS operations:

- a) Verifying that the CSRF form is completely filled and duly signed
- b) Thorough verification of new account opening form and supporting documents / KYC (PAN mandatory) and checking of PRAN generated
- c) Checking whether cheque given for Contribution , modification , withdrawal, pop charges etc. by clients:
 - i. Are matched with their PRAN numbers and proper receipts are issued
 - ii. Check the amount credited to bank account matches with pay in slip generated
 - iii. All cheques are deposited in bank by T+1 i.e. Pay in slip with bank stamp should not be dated > T+1
 - iv. Cheques are deposited in CMS bank account and CMS slips should be stored with Contribution pay-in-slip
- d) For all pending refund cases, Branch follow up for bank details (if not available in the system) of subscriber
- e) In case of dishonour of cheques and units are allotted to subscriber, check whether follow up is made with the subscriber for recovery of the dishonoured amount.
- f) Receipt and dispatch date (check with POD) of withdrawal form at Branch as PFRDA TAT is T+1 day for processing withdrawal on CRA.
- g) Check the CSRF (Account opening form) form has been dispatched to H O after activation of PRAN within the PFRDA TAT i.e. T+3 (check POD)
- h) Maintenance of copies of all account opening/ modification documents to be available in scan/ physical form.
- i) Collection and Maintenance of NCIS contribution slip for both initial and subsequent subscribers with clear indication of investment in Tier I or Tier II.
- j) Maintenance of Grievance Register.
- k) Display of KYC requirements prominently on the notice board of branch

Scope of Audit of Insurance activities

General:

- a) Verification of KYC forms for off line proposals.
- b) Verification of proposal forms duly completed and signed
- c) Verifying submission of proposal form to the insurer with duly signed Agent's Confidential Report (ACR)
- d) Business procurement entries and Policy Reconciliation
- e) Certification of employees needs to be verified at Branch/ Regional level.
- f) Maintenance of complaint register

Scope of Audit of Security system at branches

General:

- a) Verification of Key movement register as per SOP
- b) Maintenance of Keys at offsite location and its record keeping.
- c) Verification of custody of keys of Guard well – only one key with one employee
- d) Branch main door Keys should be with BM / designated employee and not with anyone else
- e) Whether all the doors has a Lock facility at branch.
- f) Verification of the following points:
 - i. Position of the CCTV camera to capture all important areas like entry, guard well, clients and clarity of vision
 - ii. Password of CCTV camera and burglar alarm with BM or one designated employee (Mail to Area Manager)
 - iii. Viewing of recording of CCTV cameras by BM or an employee designated by BM and entry in SIM module.
 - iv. Make of the safe to be Godrej and ground mounted
 - v. All windows including washroom with iron grills and locking facility for washroom door

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

General:

- a) Verification of Account Opening Forms (Individual and Non Individual), KYC documents and supporting documents
- b) KYC documents to be self-attested and to have stamp for verified with original and stamp for in person verification
- c) Verification of Modification requests
- d) Verification of all closure forms
- e) Physical instruction slips duly filled and signed for “Off-Market Transactions/ trades” (100%)

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

General:

- a) Verification of Account Opening Forms (Individual and Non Individual), KYC documents and supporting documents
- b) KYC documents to be self-attested and to have stamp for verified with original and stamp for in person verification
- c) Verification of Modification requests
- d) Verification of all closure forms
- e) Physical instruction slips duly filled and signed for “Off-Market Transactions/ trades” (100%)

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:

No. of observations	Risk	Negative Points
<=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 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%
17.	FATCA/CRS declaration form	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%).

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.
4. Auditors should provide Audit report before 10th of next month and should start their audit related work on fortnightly audit data provided from HO.
5. All the certifications/ reports including Half Yearly Internal Audit Report as required by NSDL from time to time to be submitted by auditor.

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)	-
15.	FATCA / CRS declaration form	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 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”.
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 and auditors should start their audit related work on the data received from HO on fortnightly basis.
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.
4. All the certifications/ reports including Half Yearly Internal Audit Report as required by CDSL time to time to be submitted by auditor.
5. Auditors should provide concurrent audit report before 10th of next month and should start their audit related work on fortnightly audit data provided from HO.

Scope of Audit of Depository Participants Services

1. **Operations:**

- a) Age-wise analysis of doubtful receivables
- b) Verification of waivers handled at branches with proper supporting and approvals

2. **Finance:**

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

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.