

RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

# Request for Application for Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of National Pension System

Reference No.: SHCIL/AAPOPNS/2024/01



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)

*This document is the property of Stock Holding Corporation of India Limited (Stock Holding). It may not be copied, distributed or recorded on any medium, electronic or otherwise, without Stock Holding's written permission. The use of the contents of this document, even by the authorized personnel / agencies for any purpose other than the purpose specified herein, is strictly prohibited.*

RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

**DISCLAIMER**

*This document is not an offer by Stock Holding, but an invitation to receive response from eligible interested independent external chartered accountants firms/audit firms for audit of Points of Presence (PoPs) performing activities of National Pension Scheme 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 audit 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. Stock Holding may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information in this document. Stock Holding 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.*

RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

## **Index of Appointment Document**

<b>Sr. No.</b>	<b>Description</b>	<b>Pages</b>
1	Introduction	4
2	Eligibility Criteria	5
3	Other Terms and Conditions	6
4	Format of application form and Financial quotes	8
5	PFRDA circular on audit of Points of Presence (PoPs) performing activities of National Pension Scheme covering eligibility norms, scope of work for audit & audit report format etc.	11

RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

**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)**

**February 16, 2024**

## **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 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 sub-broking services through its wholly owned subsidiary, StockHolding Services Ltd. Stockholding also provide document management solutions through its subsidiary StockHolding Document Management Services Ltd. (SDMS). StockHolding's has custodian branch in GIFT City, Gandhinagar and IFSC Branch of StockHolding is Professional Clearing Member of 3 Clearing Corporations/Exchanges in the GIFT IFSC Zone i.e. India Clearing Corporation (ICCL), Nse Clearing Corporation (NICL) and IIBX i.e. Bullion Exchange.

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

RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

### **OBJECTIVE**

**The objective of this document is to select the Auditor for audit of Points of Presence (PoPs) performing activities of National Pension Scheme as per scope of work specified in this document.**

### **ROLE OF AUDITOR**

The Role of the auditor will be conducting audit of Points of Presence (PoPs) performing activities of National Pension Scheme as per Circular No. PFRDA/2023/17/Sup-PoP/03 Dated 29 May 2023 of PFRDA attached herewith.

### **ELIGIBILITY CRITERIA**

1. The applicant entity should be a registered partnership or a limited liability partnership.
2. The audit firm should have been empanelled with PFRDA.
3. The eligible firm should have Head office/ registered office/ branch office (with partner) at Mumbai/Navi Mumbai/Thane.
4. The Audit firm should have long standing in practice, *i.e.* more than 10 years.
5. The audit firm should have a minimum of 5 partners.
6. The number of corporate clients of the audit firm should be at least 5.
7. The audit firm should also have empanelment with any of the Financial Sector Regulator (FSRs) *i.e.* SEBI, RBI, IRDAI & PFRDA.
8. The audit firm should also have audit experience in any of Depository Participants / Broking firms/Custody/ Professional clearing members/ Pension Fund Activities/ Financial Service Company etc.
9. The Auditor/ Audit firm should not be debarred or restrained by ICAI, RBI, SEBI, PFRDA, IRDA, or by other regulator/law enforcement agency.
10. 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.
11. The firm should not have any conflict of interest with the Stockholding group.

RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

**OTHER TERMS AND CONDITIONS**

- i **Tenure of appointment:** The appointment will initially be for financial year 2023-24. The Company at its sole discretion may extend the tenure 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.
- ii **Place of Audit:** The place of audit is SHCIL House, Mahape, Navi Mumbai - 400710 and the staff has to be deputed at Stock Holding Navi Mumbai office as and when required.
- iii **Out of Pocket Expenses:** No out of pocket expenses will be payable for this audit assignment.
- iv **Settlement of Bills:** The Bills will be settled after completion of audit and submission of audit report and invoice.
- v **Format for submission of quotations:** 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**”.
- vi **Timelines:** The signed password protected quotation should be submitted by email to **Internal.auditor@stockholding.com** on or before the **05 P.M. on 07<sup>th</sup> March 2024**. The size of the mail should be less 10MB.
- vii **Termination of contract:** Either party reserves the right to terminate the contract at any time during the contract period by giving 90 days notice in writing to other party at their last known place of residence/business and the auditor shall not be entitled to any compensation by reason of such termination.
- viii **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.
- ix **Right to alter RFQ:**

**RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS**

- 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.
- x 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.
- xi 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. 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.
- xii 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:

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

RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

**(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 form, Declaration w.r.t. Eligibility Criteria and Financial Quotation**

Particulars/ Details of the Firm :

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Name of the Firm/Company	To be filled
2.	Constitution	Attach self-attested Registration Certificate
3.	Address with Pin-code	
4.	Contact Details of the partner assigned to StockHolding: Name of the Partner Mobile No.(s) E-mail ID	
5.	Date of Establishment of the firm	Attach ICAI Firm Card
6.	No. of Years of the firm in practice	Attach self attested document
7.	No. of CA partners of audit firm	Attach self attested document
8.	Branches of C.A. firm, if any	



RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

Sr. No.	Particulars	Details
9.	Name of top five Corporate Client	1. 2. 3. 4. 5.
10.	Details of audit experience in Broking/ Custody/ Depository Participants/ Professional clearing members /Pension Fund Activities/ Financial Service Company audited with year of audit	1. 2. 3. 4. 5.
11.	Firm's PAN/GST No.	Attach Document
12.	Empanelment Details with Financial Sector Regulator (FSRs) i.e. SEBI, RBI, IRDAI & PFRDA.	Attach empanelment document including PFRDA empanelment document
13.	Firm's Registration No. with ICAI	Attach Document

**Financial Quotation**

Professional fee per annum is as under:

Sr. No.	Particulars	Amount in Rs.
1.	Annual Professional fee for audit of Points of Presence (PoPs) performing activities of NPS (exclusive of applicable taxes) No revision in annual professional fee for entire 3 year term	
2.	<b>GST @ ____ %</b>	
	<b>Total Annual Fee</b>	
	<b>Total Amount in Words: Rs.</b>	

I/We \_\_\_\_\_ do hereby confirm that

## RFQ- Appointment of Auditor for Audit of Points of Presence (PoPs) performing activities of NPS

1. Our firm is having Head/Registered office in Mumbai/ Navi Mumbai/Thane. (Please tick at relevant place)
2. Our firm is empanelled with Financial Sector Regulator (FSRs) including PFRDA (Please specify)\_\_\_\_\_
3. Our firm has ..... years standing in practice.
4. Our firm has ..... Partners.
5. The Audit firm is not debarred or restrained 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 Auditors for audit of Points of Presence (PoPs) performing activities of NPS 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



Circular No. PFRDA/2023/17/Sup-PoP/03

29 May 2023

To

Point of Presence (PoPs) performing activities of NPS

**Subject: Audit of Points of Presence (PoPs) performing activities of National Pension System**

1. PoPs registered under Regulation 3(1)(i), 3(1)(ii) and 3(1)(iii) of Pension Fund Regulatory and Development Authority (Points of Presence) Regulations, 2018 and amendment thereof and performing activities of NPS (PoPs-NPS) shall ensure that the annual accounts and processes maintained under NPS are audited on annual basis by an independent external chartered accountant/audit firm as per the provisions of Operational Guidelines issued vide Circular dated 17<sup>th</sup> September 2017 or modified Operational Guidelines issued under PFRDA (PoP) Regulations, 2018 and amendment thereof, from time to time. The eligibility norms for appointment of auditor is prescribed at **Annexure 1**.
2. The scope of such audit shall cover, inter-alia, the existence, scope, adequacy and efficacy of internal control system, procedures and safeguards, compliance with the provisions of the Pension Fund Regulatory and Development Authority Act, 2013, Pension Fund Regulatory and Development Authority (Points of Presence) Regulations, 2018 and amendment thereof and Guidelines/ Circulars/Notifications issued by the Authority, KYC requirements as per PML Act/Rules and data security in respect of the operations of such Point of Presence. The Broad Scope of Audit is listed at **Annexure 2**.
3. PoPs must maintain the books of accounts and records including electronic records and documents as stipulated in the Regulations/Guidelines/Circulars/Notifications issued by the Authority from time to time.
4. The Audit Report format along with Instructions is placed at **Annexure 3**. PoPs shall submit the audit report to PFRDA within 3 months from the date of closure of the accounts and the first such audit report shall be for the period April 1, 2022 to March 31, 2023. Further, for the FY 2022-23, PoPs shall submit the audit report to PFRDA within 3 months from the date of issuance of this Circular.
5. The audit reports shall be reviewed by the Authority and appropriate course of action would be pursued in cases where reports are not as per the requirements.
6. PoPs are advised to ensure compliance with the above.

General Manager

**ELIGIBILITY NORMS FOR SELECTION OF AUDITOR**

1. PoPs shall appoint the external auditor as per the list of auditors empaneled by any of the Financial Sector Regulator (FSRs) including PFRDA to conduct the audit for activities related to NPS. Further, the central/ state government department/ entities shall conduct the audit through the internal audit department or through the external auditor as per the list of auditors empaneled by any of the FSRs including PFRDA.
2. PoPs shall appoint the Auditor as per the eligibility criteria prescribed by the PFRDA, with the approval of the Audit Committee or the Board, wherever the Audit Committee is not present.
3. PoPs who are non-listed Government entities may engage the internal audit department or appoint Auditor as per the eligibility criteria prescribed by the PFRDA with the approval of Competent Authority.
4. Auditors shall be appointed for a tenure of three years.
5. Auditors will have a cooling period of two years in respect of the same PoP. After completion of tenure of three years, audit entity should not accept any audit assignment of that PoP during the next two years.

**SCOPE OF WORK OF AUDIT**

**NATIONAL PENSION SYSTEM (NPS)**

Auditor appointed by the PoP shall conduct the audit of the PoP for activities related to NPS and the audit firm would broadly have the scope of work related to the following categories of PoPs under National Pension System (NPS):

- (i) Distribution and servicing for public at large through physical as well as online platforms (hereinafter referred as PoP-NPS)
- (ii) Distribution and servicing for citizens at large through online platforms only (hereinafter referred as PoP-NPS-online)
- (iii) Distribution and servicing only for own employees and other (online personnel either through physical or online platforms (hereinafter referred as PoP-NPS-Corporate)

The Broad Scope of Work of Auditor is as under:

- i. Subscriber registration/On Boarding of subscribers under NPS.
- ii. Compliance of KYC/AML/CFT guidelines dated 23<sup>rd</sup> February 2023 (as amended) issued by the Authority.
- iii. Collection and processing of initial contribution and subsequent contribution received from the subscribers.
- iv. Uploading of Subscriber Contribution File (SCF) in CRA System and Transfer of Fund to Trustee Bank.
- v. Maintenance of collection account by the PoP in accordance with provisions of PFRDA (PoP) Regulations 2018 and guidelines issued there under.
- vi. Reconciliation of subscriber's contribution received by the PoP in the collection account and maintainance of audit trail for the same.
- vii. Subscriber grievance handling by the PoPs as prescribed under Subscriber Grievance Regulations, 2015 and circulars issued there under.
- viii. Receiving and processing service requests such as change in subscriber details, address, PFM and Pension Fund Change, Intersector shifting etc. received from the subscribers in CRA system.
- ix. Receiving and processing of subscriber withdrawal/exit request with in timelines laid down in CRA system.
- x. Adherence to the timeframe laid down under the guidelines issued by the Authority.
- xi. Payment of compensation by PoP for delayed activities as prescribed under Operational Guidelines.
- xii. Verification of supporting documents, in case of delays, due to technical reasons/beyond the control of PoP and wherever PoP has not paid the compensation,

- xiii. Charges collected by the PoPs and to check the limits, mode and manner of collection as laid down by PFRDA. Also, to validate that charges quoted by the PoPs in any tender floated by the corporates are in accordance with the limit prescribed by the PFRDA.
- xiv. Maintenance of Books of Accounts by the PoPs.
- xv. Verification of compliance report submitted by PoPs to PFRDA.
- xvi. Compliance with the circulars/ guidelines/ notifications issued by PFRDA and/ or any other Statutes
- xvii. Appointment and discharge of responsibilities of Compliance Officer and Principal Officer
- xviii. Any other activity in relation to the above.

*Note: The scope as specified above is only indicative and not exhaustive*

**AUDIT REPORT**

*(To be furnished on the letter head of the Audit Firm)*

**CERTIFICATE FOR AUDIT**

We have examined the relevant books of accounts, records and documents maintained by M/s \_\_\_\_\_, (name of the Point of Presence (PoP)) bearing Pension Fund Regulatory and Development Authority (PFRDA) Registration Number \_\_\_\_\_ under NPS and to fulfill the audit requirement, as prescribed by Pension Fund Regulatory and Development Authority (Points of Presence) Regulations, 2018 and Guidelines issued there under, for the financial year \_\_\_\_\_.

The purpose of this audit is to examine that the processes, procedures followed and the operations carried out by the Point of Presence (including the operations by its facilitators/Banking Correspondents/any other service provider approved by the Authority) are as per the applicable Acts, Rules, Regulations, By-laws prescribed by the Authority and Guidelines, Circulars, Notifications etc. issued thereunder.

We have obtained all the information and explanations, and examined the relevant books which to the best of our knowledge and belief, were necessary for the purpose of this Audit. In our opinion, proper books of accounts, records and documents, as per the regulatory requirement **have/have not** been maintained by the PoP. *(Strike whichever not applicable)*

Based on examination of the processes, procedures followed and the operations carried out by the Point of Presence, to the best of our knowledge and belief and according to the information and explanations given to us, we certify that the Point of Presence **has/does not have** adequate internal control for ensuring orderly and efficient conduct of its business, including adherence to Acts, Rules, Regulations, By-laws prescribed by the Authority and Guidelines, Circulars, Notifications etc. issued thereunder, safeguarding the subscribers interest, prevention and detection of frauds and errors, accuracy and completeness of the books of accounts, records and documents. *(Strike whichever not applicable)*

We have conducted the audit within the framework provided by the Authority for the purpose of this Audit. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud/non-compliance/misrepresentation/violation by the Point of Presence **is/is not** observed during the course of this audit. *(Strike whichever not applicable)*

Based on the scrutiny of relevant books of accounts, records and documents, we certify that the Point of Presence **has/has not** complied with the relevant provisions of Pension Fund Regulatory and Development Authority Act, 2013, Pension Fund Regulatory and Development Authority (Points of Presence) Regulations, 2018 (Chapter IV, Regulations 23-28) and various circulars of the Authority. *(Strike whichever not applicable)*

We declare that we do not have any direct / indirect interest in or relationship with the Point of Presence or its shareholders / directors / partners / proprietors / management and also confirm that we do not perceive any conflict of interest in such relationship / interest while conducting audit of the said PoP.

In our opinion and to the best of our knowledge based on information provided and according to the explanations given to us by the Management/compliance officer, the Report provided by us (*along with Enclosure - 1 and Enclosure - 2*) and subject to our observations, which covers the entire scope of the audit, is true and correct.

Name of Chartered Accountant along with seal & signature:

Name of the Proprietor / Partner:

Membership no. / CP. No.:

UDIN No.:

Date:

Place:



**Format of Audit Report specifying the minimum scope to be covered**

S. No.	Particulars	Comments of auditor (whether PoP has complied with?)	Remarks of auditor (In case of non-compliance observed)	Management comments in case of deviations	Auditors Remarks against Management comments
<b>A. NPS subscriber registration documentation/PML Act &amp; Rules/Anti Money Laundering Compliance</b>					
1.	Whether forms (SRF) are Collected and Verified as per the prescribed KYC norms under PML Act/Rules and/or KYC/AML/CFT guidelines issued by the PFRDA?	Yes/No/NA			
2.	Whether PoP has issued the KYC/AML/CFT policy as prescribed under KYC/AML/CFT guidelines?	Yes/No/NA			
3.	Whether PoP have conducted customer due diligence, risk assessment and risk management measures in accordance with KYC/AML/CFT guidelines?	Yes/No/NA			
4.	Whether the periodic updation under NPS has been done by the PoP in accordance with KYC/AML/CFT guideline?	Yes/No/NA			
5.	Whether the acknowledgement slip for acceptance of SRF form and initial contribution has been provided to subscriber(s)?	Yes/No/NA			
6.	Whether the physical SRF forms along with supporting documents are being submitted to the central recordkeeping agencies (CRA) or its representative approved by the Authority or stored at PoP level (as the case may be).	Yes/No/NA			
7.	Whether the PoP-NPS and PoP-NPS-Online has uploaded/downloaded/updated the KYC information of underlying subscribers onto CKYCR in the manner as prescribed under Prevention of Money Laundering (Maintenance of Records) Rules, 2005?	Yes/No/NA			
8.	Whether the applicants are contacted and initial contribution (including processing fees and taxes deducted upfront), documents submitted by him/her are returned as per the process prescribed and the reasons for	Yes/No/NA			

	rejection as provided by the CRA are forwarded to the applicant by POP?				
9.	Whether PoP has performed the activity related to Subscriber Registration in accordance with the prescribed timelines under Operational Guidelines?	Yes/No/NA			
<b>B. NPS subscriber servicing request processing</b>					
1.	Whether the subscribers service requests such as Switch/Scheme preference change/ Shifting of Subscribers/ Change Requests of subscribers/other requests is carried out on receipt of written request vide email/physical letter along with documentary proof are processed as per the TATs prescribed under Operational Guidelines?	Yes/No/NA			
2.	Whether PoP has conducted the due-diligence during the processing of subscribers change request with respect to KYC details (Name, DoB, Address, Date of Retirement, Mobile number and Bank account details)?	Yes/No/NA			
3.	Whether the acknowledgement physically/online has been provided to the subscriber(s)?	Yes/No/NA			
<b>C. Dealing with subscriber funds</b>					
1.	Whether internal controls are in place to identify source of the funds received from the subscribers?	Yes/No/NA			
2.	Whether the initial contribution (as applicable) has been collected along with the subscriber registration forms?	Yes/No/NA			
3.	Whether the PoP ensures to capture Permanent Account Number mandatorily of the subscribers for all cash transactions exceeding Rs. 50,000/- (Rupees Fifty Thousand) or as prescribed under Rule 114B of IT Act and its amendments thereafter from time to time?	Yes/No/NA			
4.	Whether acknowledgement slip / receipt with unique number along with receipt date and stamp/signature is provided to the subscriber for the contribution amount collected through online and offline mode i.e. cheque/DD/cash as per the TATs prescribed under Operational guidelines?	Yes/No/NA			
5.	Whether the PoP is putting non-ash instruments for clearing only after receipt of PRAN number from the CRA in case of initial contribution?	Yes/No/NA			
6.	Whether all funds received from subscribers by the PoP under NPS are being deposited to designated NPS	Yes/No/NA			

	collection account by the PoP/PoP-SP as prescribed under Operational Guidelines?				
7.	Whether the PoP has processed the contribution i.e. SCF upload in CRA system and fund remittance to Trustee Bank as per the prescribed TATs under Operational Guidelines?	Yes/No/NA			
8.	Whether funds collected through PoP-SEs/BC/Individual Agent/ Retirement advisor/ prescribed channel by the PFRDA are being processed as per the prescribed timelines?	Yes/No/NA			
9.	Whether compensation is being paid by the PoP in case of all delayed transactions as per the rates prescribed under the guidelines under Operational Guidelines?	Yes/No/NA			
10.	Whether PoP has maintained the supporting documents for the delayed transactions wherein the delay was due to technical issues? In case, “Yes”, are these documents are correct?	Yes/No/NA			
11.	Whether subscribers’ funds are processed and remitted to Trustee Bank or refunded to subscriber? In case, the funds are not being remitted to system despite collection from subscriber without any justifiable reason, such instances to be provided.	Yes/No/NA			
12.	Whether any additional amount towards admin fee, processing fee etc. is charged from the subscriber by PoP or PoP-SP/PoP-SEs/BC/Individual Agent/ Retirement advisor /or any other channel approved by the PFRDA?	Yes/No/NA			
13.	Whether PoP is collecting the PoP charges as prescribed by the PFRDA	Yes/No/NA			
14.	Whether PoP has negotiated the PoP charges with Individual subscriber/corporates as per the limit prescribed by the PFRDA.	Yes/No/NA			
15.	Whether the PoP is segregating the fee and charges earned under NPS as per the prescribed charges and transferring the same into the internal account of the POP?	Yes/No/NA			

**D. NPS Subscriber grievance handling**

1.	Number of NPS subscriber complaints/grievances pending <b>for more than 30 days</b> at in CGMS at CRA portal as on 31 <sup>st</sup> March ____.	<b>No. of pending grievances:</b>  <b>Remarks (if any):</b>
----	---	---

2.	Whether the directly received grievances in respect of NPS by the PoP are being lodged under the CGMS?	Yes/No/NA			
3.	Whether all grievances in CGMS at CRA portal are being resolved within the time frame provided in Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015?	Yes/No/NA			
4.	Whether designated email id for NPS subscriber grievance is created and informed to CRA and displayed on the website of the POP?	Yes/No/NA			
5.	Whether the name, e-mail id/s and telephone number/s of the designated Grievance Redressal Officer (GRO) and the escalation matrix prescribed under Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015 of the are made public through display on website preferably and/or at branches?	Yes/No/NA			

**E. Exit / partial withdrawal**

1.	Number of pending exit/withdrawal requests including partial withdrawal at the level of the POP.as on 31st March, _____	<b>No. of pending requests:</b>			
		<b>Remarks (if any):</b>			
2.	Whether the exit/withdrawal requests are processed by the PoP as per the TATs prescribed under operational guidelines?	Yes/No/NA			
3.	Is it ensured that the exit/withdrawal requests are provided by the subscribers/claimants in the format as prescribed by the Authority and as per the KYC norms prescribed under KYC/AML/CFT guidelines?	Yes/No/NA			
4.	Whether acknowledgement receipt with unique number along with receipt date and stamp/signature/email confirmation is provided to the subscriber for exit as per the TATs prescribed under operational guidelines?	Yes/No/NA			
5.	Whether the signature of the subscriber is verified along with the KYC records for processing the exit/partial withdrawal/ withdrawal requests?	Yes/No/NA			
6.	Whether supporting documents (as prescribed by the Authority from time to time) are obtained from the subscriber/claimant?	Yes/No/NA			
7.	Whether the PoP sends physical exit/withdrawal forms to the CRA after authorizing the same at their end for the request received at PoP level?	Yes/No/NA			

8.	In case where the exit/withdrawal claim has been rejected at CRA, whether the subscriber/claimants are contacted and reasons for rejection of claim are explained to the subscriber/claimants and requisite rectifications (if any) are carried out by obtaining requisite documents from the subscriber/claimant?	Yes/No/NA			
9.	Whether PoP has ensured that the Exit /Withdrawal proceeds are credited to the designated subscriber/claimant bank account?	Yes/No/NA			
<b>F. Whether prescribed books of accounts, registered and records are maintained with the required details and for the stipulated period as per the regulatory requirement</b>					
1.	Whether PoP has maintained all books of accounts and record keeping as prescribed under extant of Pension Fund Regulatory and Development Authority (Points of Presence) Regulations, 2018 and amendment thereof and KYC/AML/CFT guidelines?	Yes/No/NA			
2.	Whether the PoP maintains the PoP-SEs/ BC/Individual Agent/Retirement advisor-wise/ any other prescribed channel complete audit trail of all transactions processed under NPS like date of receipt of application form/contribution, date of issuance of receipt to the subscriber, date of SCF upload, date of fund remittance to the Trustee Bank, date of receipt of forms at the head office/nodal office, date of receipt and processing of other subscriber related service requests etc.?	Yes/No/NA			
3.	Whether the TATs prescribed under Operational guidelines for all activities are properly followed for the transactions routed through PoP-SEs/ BC/Individual Agent/Retirement advisor /prescribed channel engaged by the PoP?	Yes/No/NA			
4.	Whether the PoP-SEs/ BC/Individual Agent/Retirement advisor associated with the POP are doing all activities under NPS in accordance to Pension Fund Regulatory and Development Authority (Points of Presence) Regulations, 2018 and guidelines issued as under?	Yes/No/NA			
5.	Whether the record of operational guidelines/circulars/notices/directions/regulations issued by NPS Trust/ the Authority from time to time is being maintained by the PoP?	Yes/No/NA			

<b>G. Reporting</b>					
1.	Whether compliance report submitted by the POP to PFRDA are correct?	Yes/No/NA			
2.	Whether the details of NPS related activities undertaken by POP-SEs are included and reported by the POP in their periodic compliance reporting, as prescribed?	Yes/No/NA			
3.	Whether POP has appointed the compliance officer / Principal Officer/ designated director as prescribed under extant PoP regulations/ KYC/AML/CFT guidelines and also intimated any change in regard to the same to the Authority?	Yes/No/NA			
4.	Whether PoP is monitoring the transactions and comply with reporting obligations prescribed under KYC/AML/CFT guidelines?	Yes/No/NA			
<b>H. Adherence to Code of Conduct</b>					
1.	Whether POP is adhering to the Code of Conduct as specified under Regulations	Yes/No/NA			
2.	Any other matter/s, which you may like to bring to the attention of the management of POP or Authority may be additionally provided as an Annexure.	Yes/No/NA			

I/We confirm to consider the sample size of the entity while conducting the audit for the FY \_\_\_\_\_ under NPS as per the below mentioned categories and Instructions under para B (b):

- Category A:** Min 10 or 100% of total transactions/instances/cases per month whichever is lower for PoPs having a subscriber base up to 5000.
- Category B:** Min 20 or 100% of total transactions/instances/cases per month whichever is lower for PoPs having a subscriber base of up to 5001 to 25,000.
- Category C:** Min 25 or 100% of total transactions/instances/cases per month whichever is lower for PoPs having a subscriber base of 25,001 to 1,00,000.
- Category D:** Min 30 or 100% of total transactions/instances/cases per month whichever is lower for PoPs having a subscriber base of 1,00,000 to 5,00,000.
- Category E:** Min 50 or 100% of total transactions/instances/cases per month whichever is lower for PoPs having a subscriber base above 5,00,000.

**Note:**

1. Please tick mark the relevant category, as applicable to the entity

2. *The minimum sample size is prescribed for each activity performed by the PoP such as on boarding of subscribers, transaction related to initial contribution, transaction related to subsequent contributions, subscribers request processing and exit and withdrawal request processing.*
3. *Subscriber base as on end of the FY for which the audit is conducted to be taken*
4. *Sample size indicated is minimum sample size. Auditor may determine the optimum sample so as to be able to satisfy himself/ herself about the objectives of the audit.*

Signature of the Auditor & Stamp of Audit Firm:

Name of the Auditor:

Membership no. /CP. No.:

UDIN No.:

Date:

Place:

**Details of NPS collection account maintained by PoP as on 31<sup>st</sup> March \_\_\_\_\_**

**Section 1 – Details of total outstanding balance as on 31<sup>st</sup> March \_\_\_\_\_**

S. No.	Bank account number	Name of the Bank	Name of collection account	Closing Balance	Balance held for no. of subscribers

**Section 2 – Details/bifurcation of the balance outstanding (excluding un-reconciled balances) as on 31<sup>st</sup> March \_\_\_\_\_**

S. No.	Name of the subscriber / PRAN / SCF Transaction details	Amount received	Date of receipt of clear fund	Date of remittance to the Trustee Bank if done after 31st March

**Section 3 – Details of un-reconciled balances as on 31st March \_\_\_\_\_**

S. No.	Name of the subscriber (if available)	PRAN (if available)	Contact details (if available)	Amount	Date of receipt of clear funds	Mode of payment	Instrument no. & name of bank (if available)	Reason for withholding the amount

**Note:**

1. Un-reconciled balance includes those entries for which POP is unable to remit the funds into NPS architecture and/or unable to refund the same.
2. The sum total of section 2 and 3 should be equal to total of Section 1
3. Attach separate sheet for each section separately, if required.

Name of the Auditor: Membership no. / CP. No.: UDIN No.:	Name of the Compliance officer:
Signature of the Auditor: Stamp of the Audit firm:	Signature of the Compliance officer along with office seal:
Date:	Date:
Place:	Place:



## **INSTRUCTIONS**

These instructions are only indicative in nature and not exhaustive. These have been prepared based on the regulatory/supervisory requirement (as per relevant Acts, rules, regulations and circulars) which keep evolving from time to time. The auditors should peruse them and report other irregularities, if observed while conducting audit.

### **A. Instructions to both Auditor and PoP:**

- a) The copy of audit report should be submitted to PFRDA by PoP as per the report format specified above.

### **B. Instructions to Auditor:**

- a) The auditors should clearly indicate 'Yes' indicating Compliance, 'No' indicating Non-compliance and 'NA' wherever 'Not Applicable'.
- b) Sample size indicated in the format of IAR above is minimum sample size. Auditor may determine the optimum sample so as to be able to satisfy himself/ herself about the objectives of the audit. The indicative sample size for relevant category, as applicable to the PoP (as detailed in Enclosure - 1) shall be taken by the auditor.
- c) 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.
- d) 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 number of instances, value etc. and the evidences should be enclosed with the Audit Report.
- e) Membership number allotted by the affiliated professional body should be quoted at the bottom of the report as provided in the format of IAR.
- f) Each page of the report shall be signed and stamped by the auditor/ e-signed.

### **C. Instructions to PoP:**

- a) In case any non-compliances / findings / observations / adverse remarks are made by the auditor, management remarks should be given against such point(s) by the PoP.
- b) PoP to mention the date on which the report has been presented to the Board/Management/Audit Committee for their approval and indicate corrective and preventive actions taken by the management for addressing the deficiencies along with the timeliness of when the agreed suggestions would be implemented.
- c) Improvements brought about in the operations between the last audit and the current audit shall be submitted.

**Note:** *In case audit report submitted is incomplete and not as per the guidelines viz sample size not given, only certificate submitted without report etc, same would be treated as non-submission of audit report. The Authority reserves the right to direct a Point of Presence to either get the audit redone for completing the set audit process and format or change its auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.*

**D. Process flow for submission of Audit Report:**

- a) Auditor to submit the first draft of the Audit report as per the prescribed format to PoP seeking management remarks.
- b) PoP to submit the Audit Report with management remarks to the Auditors within the specified timeline (in the absence of non-submission of management remarks by PoPs within timelines, it will be considered as ‘PoP has no remarks to offer’)
- c) Post-processing of management remarks by the Auditor by way of clearly indicating its view/comments/observation on management remarks submitted by PoP, the auditor to submit the report to PoP and in turn, PoP to submit the final audit report to Board /Audit Committee under copy to PFRDA. PoP to also submit the Board/Audit Committee observations on the Auditor Certificate to PFRDA, if any.

**E. Indicative processes/guidance for verification of respective areas:**

**1. Subscriber registration and documentation/Anti Money Laundering Compliance:**

- a) Checks and balances in place for Execution of Know Your Client (KYC).
- b) Systems and procedures put in place by PoP for verification of KYC before opening NPS account
- c) Procedure followed by the PoP for informing the PRAN and other details to the subscribers & uploading to the CRA system of such data and transfer of clear funds to the Trustee bank.
- d) Procedure adopted by the PoP for doing KYC as required under the Prevention of Money Laundering Act, 2002 (17 of 2003) including the amendments thereof or any other law through effective use of Know Your Customer verification processes, laid down by the Authority for all subscribers in the operational guidelines and KYC/AML/CFT guidelines.
- e) Customer acceptance policy and customer due diligence measures adopted by the PoPs

**2. NPS Subscriber Service Request management and risk management systems:**

- a) Procedure adopted for receipt of request for services from subscribers
- b) Mechanism for order management and execution of subscriber requests for service.
- c) Procedure adopted for providing online platform for NPS account and operations facility
- d) Procedure followed for allotting of user id and password, change of password etc.
- e) Internal controls for online NPS account access and usage.

- f) Process walk through and verification of procedure adopted for implementation of internal code of conduct and internal controls to prevent violation of guidelines or Service level standards stipulated for various activities under NPS.

### **3. Dealing with subscribers' funds and securities**

- a) Verification of internal controls adopted by the PoP while accepting banker's cheque / demand draft from subscribers
- b) Procedure for ensuring that receipts and payment of funds/securities are from/to respective subscriber only
- c) Verification of following books of accounts/records:
  - i. Records of contributions received (cheques, DDs and Cash or online transactions)
  - ii. Register of transaction history done by the Point of Presence upon requests from NPS subscribers.
  - iii. Bank Statements
  - iv. CRA related transaction books/accounts maintained by Point of Presence (PoP)
  - v. Cash Book
  - vi. Bank Book

All such registers should at least contain information on about Name of the subscriber, PRAN, date of receipt of contribution/ subscriber request ,contribution amount, branch name, date of depositing the contribution amount under NPS into the NPS Collection account of the PoP, date of SCF upload, date of fund remittance, date of uploading the service related requests including exit/withdrawal request into the CRA system, date of authorization by the PoP or any other additional parameter as may be considered by the PoP for maintenance of proper audit trail at the level of the PoP.

### **4. Banking and NPS account operations**

- a) Procedure for segregation of own and NPS subscribers' funds and instruments (in separate accounts)
- b) Internal controls for use of subscriber bank and subscriber NPS accounts only for authorized purpose

### **5. Management of PoP-SP / Sub Entity and internal control**

- a) System and Policy followed for opening / closing of branch Procedure adopted to inform the same to subscribers
- b) Periodicity and procedure adopted for inspection of PoP-SP branches / PoP- SEs (if any)
- c) Reporting mechanism and mode of informing the inspection observations to PoP-SP branches/PoP-SEs and follow up action plan
- d) Policy of fixing of roles and responsibilities of officials in head office, branches and PoP-SEs office
- e) Documentation of Internal controls and Comments on Internal controls in place.

## **6. Subscriber grievance handling**

- a) Mechanism to monitor complaints lodged with PoP-SP branches / PoP-SEs and entry of the same in CGMS system of CRA.
- b) Mechanism to monitor complaints lodged in CGMS in CRA against PoP. Maintenance of complaints register.
- c) Redressal mechanism for complaints registered against the POP Verification of subscriber grievance register and email id
- d) Internal control for verification of complaints received through the designated email –id

## **7. Maintenance of Books of Accounts**

As prescribed under Regulation 17 of Pension Fund Regulatory and Development Authority (Points of Presence) Regulations, 2018, books of accounts, registers and records to be maintained, with the required details and for the stipulated period as per regulatory/supervisory requirement. All such records can be maintained electronically in retrievable mode (as and when required), however physical copies of relevant documents are to be maintained by concerned office.

## **F. References:**

Please refer following websites for more information:

- a) [www.pfrda.org.in](http://www.pfrda.org.in)
- b) [www.npstrust.org.in](http://www.npstrust.org.in)
- c) [www.camsnps.com](http://www.camsnps.com)
- d) [www.nps.kfintech.com](http://www.nps.kfintech.com)
- e) [www.npscra.nsdl.co.in](http://www.npscra.nsdl.co.in)