



No. 1/1/2009/NPST-Vol VIII

Date: 2nd January 2020

Invitation for Empanelment as Auditors of National Pension System (NPS) for the FY 2019-20 for Statutory Audit of schemes of NPS

The National Pension System Trust (NPST) intends to empanel Audit firms for conducting Statutory Audit of NPS schemes of National Pension System (NPS) for the FY 2019-20.

Towards the above objective, NPST invites suitable firms, capable of undertaking the assignment, as per the requirement of the Trust mentioned at Section I below.

The Interested firms may kindly submit the Information sheet and requisite declarations to NPS Trust latest by Wednesday, 15 January 2020 at the following address:

To

The General Manager
NPS Trust, 3rd Floor
Chatrapati Shivaji Bhawan
B-14/A, Qutab Institutional Area
New Delhi - 110016

The information sheet may also be mailed to the following email ids:

gm@npstrust.org.in; agm1@npstrust.org.in; stating '*Invitation for Empanelment as Auditors of National Pension System (NPS) for the FY 2019-20*' in the subject line.

NPST has prepared a brief document on scope of work for the scheme audit, eligibility conditions and criterion for empanelment of the Scheme Auditor with the same title as in the subject line above, at npstrust.org.in/tenders-and-rfp and <https://eprocure.gov.in/epublish/app>. Interested firms are strongly advised to go through the same and submit their interest accordingly.

Unlike conventional RFPs/ tenders, there shall be no opening of bids/ proposals in the presence of bidding firms. However, the Trust will display the list of firms, with their postal addresses, from whom interest has been received, on its website at 'Tenders and RFP' and 'What's New' links. This list will be displayed by 12 noon on 16 January 2020.

Section-I

A. Scope of work for the scheme audit

Under NPS architecture, Pension Funds (PFs) are appointed/ registered by Pension Fund Regulatory and Development Authority (PFRDA) to manage the Pension contribution of all subscribers under NPS through various schemes mandated by the Authority. Presently, the following seven Pension Funds have been given registration by the Authority:

S. N.	Name of the Pension Funds	No. of Schemes being managed	Total Asset Under Management as on 30 th September 2019 (Rs. In Cr.)
1	SBI Pension Funds Pvt. Ltd.	12	1,42,244
2	UTI Retirement Solutions Ltd.	11	1,08,418
3	LIC Pension Fund Ltd.	12	1,09,056
4	HDFC Pension Management Company Limited	7	6,655
5	ICICI Prudential Pension Funds Management Company Limited	7	3,984
6	Kotak Mahindra Pension Fund Ltd.	8	908
7	Aditya Birla Sunlife Pension Management Ltd.	7	127

Pension Funds are required to manage all schemes as per the regulation/ guidelines/ circulars issued by the Authority and NPS Trust.

All Pension Funds are required to get accounts of their schemes audited. The Auditor's Report shall form a part of the Annual Report. It shall accompany the Balance Sheet and Revenue Account. The auditor shall report to the NPS Trust. In the Report to be submitted to the NPS Trust, the auditor is required to furnish the following:

(i) The scheme auditor shall state whether; -

1. he has obtained all information and explanations which, to the best of his knowledge and belief, were necessary for the purpose of his audit;
2. the Balance Sheet and the Revenue Account are in agreement with the books of account of the scheme;
3. whether proper books of accounts of each scheme have been maintained;
4. all transaction expenses in excess of the limits contractually agreed to/approved by Authority are borne by the Pension Fund and are not charged to the Net Asset Value;

5. the Balance Sheet and Revenue Account of the Scheme dealt with by this report comply with these regulations and the Accounting Standards notified under the Companies Act, to the extent made applicable by the regulations.

(ii) The auditor shall give his opinion as to whether: -

1. the Balance Sheet gives a true and fair view of the scheme wise state of affairs of the fund as at the end of the financial year,

2. the Revenue Account gives a true and fair view of the scheme wise surplus/deficit of the fund for the financial year.

(iii) The Auditor shall further certify that; -

1. Investments have been valued in accordance with the guidelines issued by the Authority;

2. Transaction and claims/ fee raised by different entities are in accordance with the prescribed fee.

3. The system, procedures and safeguards followed by the PF are adequate;

4. The provisions of appointment letter by Authority, IMA agreement signed with the Trust are being complied with by the PF;

5. Directions issued by the Authority/ NPS Trust from time to time or any other statutory requirements have been followed;

6. Affairs of the PF are being conducted in a manner which is in the interest of the subscribers;

7. Transaction and claims/ fee raised by different entities are in accordance with the prescribed fee.

(iv) The Auditor shall also submit a separate report called as “NPS Scheme - Detailed Audit Report” (to be referred as NPS-DAR) along with the scheme audit report / scheme accounts for a particular financial year. A copy of the said Audit Report should be given to the Board of Pension Fund. The contents of the report would be based on the format prescribed by Authority/NPS Trust. NPS-DAR will be a combined report for all the NPS Schemes.

B. Eligibility Conditions for appointment of Scheme Auditor

(a) Audit entity should be either a partnership firm, LLP or a corporate entity; **it shall not be a proprietorship concern.**

- (b) The audit entity should have a minimum **ten-year** track record of continuous operations.
- (c) The Audit Firm shall have Permanent establishment in **Mumbai**.
- (d) Audit entity should have a minimum of **eleven** partners out of which,
- (i) Any four partners to have an audit experience of five years,
 - (ii) Any two partners to have been in practice in an audit entity for ten years,
 - (iii) Any two partners to have been with the appointed audit firm for a continuous period of five years,
 - (iv) Anyone partner of the entity shall be a Fellow member of 'The Institute of Chartered Accountants of India' (ICAI) and should have been in continuous practice for five years after enrolment as FCA.
- (e) During the last five years, the entity should preferably have an audit experience of at least one of the following entities:
- (i) Mutual Fund Scheme, Mutual Fund, life insurance company or audit of a Mutual fund on behalf of SEBI. The AUM of such audited entity should not be less than Rs.1000 Cr.
 - (ii) Alternatively the audit entity may have an audit experience of NPS Schemes, provident fund, pension fund or any superannuation fund. The AUM of such audited entity should not be less than Rs. 500 cr.
- (f) At least one partner or paid Chartered Accountant of the entity should have CISA/ IISA/ or any other equivalent qualification.
- (g) The Audit entity should not be in any way associated with the audit of the PF or sponsor of the concerned PF or any other PF or schemes of any other PF.

C. Criterion for Empanelment of the Scheme Auditor will be as under:

The Audit Firms are required to submit their interest for carrying out the scheme audit of the NPS schemes in the information sheet in Annexure 1 enclosed. All the requests received from the Audit firm will be scrutinized in the NPS Trust and the firms meeting the eligibility criterion as mentioned above will be ranked based on the following parameters:

- (i) Experience of the Audit firm
- (ii) Experience of the Audit Firm in the audit of Mutual Funds/Superannuation Funds/Provident Funds/Pension Funds/Life Insurance Companies.
- (iii) Experience of Scheme audit of NPS Schemes
- (iv) No. and experience of Full time Partners.
- (v) Experience of working as coordinating auditor for the schemes of NPS.

NPS Trust will rank the audit firms based on the quantitative and qualitative parameters and the top most eligible Audit firms will be offered the scheme audit of the Pension Funds based on the AUM being managed by the respective Pension Fund.

The empanelment shall be valid for three years period and based on the review of the performance of the scheme audit, the scheme audit work may be extended to the audit firm for two more years.

D. Fee Structure

The Fee Structure for the scheme audit of the schemes audit of NPS (All schemes of a Pension Fund taken together) will be as under:

S. No.	AUM in Crore	Fees
1	0-100	Rs 84,000
2	101-1000	Rs 84,000 for the first Rs 100 crore + Rs 18,000 for every additional Rs 100 crore
3	1001-4000	Rs 2,46,000 for the first Rs 1000 crore + Rs 18,000 for every additional Rs 300 crore
4	4001-15000	Rs 4,26,000 for the first Rs 4000 crore + Rs 24,000 for every additional Rs 2000 crore
5	15001-35000	Rs 5,58,000 for the first Rs 15000 crore + Rs 27,000 for every additional Rs 4000 crore
6	35001-65000	Rs 6,93,000 for the first Rs 35000 crore + Rs 33,000 for every additional Rs 5000 crore
7	65001 and above	Rs 10,20,000

- *The fund size is to be determined on the basis of the average net assets value of all schemes as at the beginning and close of the inspection period.*
- *Fees mentioned above cover one year functioning of a Pension Fund. If the inspection period covers more or less than one year, then the fee payable would be effected pro rata.*
- *The fees are inclusive of all out of pocket expenses.*

**Empanelment as Auditors of National Pension System (NPS) for the FY 2019-20 for
Statutory Audit of Schemes of NPS**

**Information sheet to be furnished by Audit firms
(This form has two parts i.e. Part A and Part B)**

Date:

To

Chief Executive Officer
National Pension System Trust (NPS Trust)
Third Floor
Chatrapati Shivaji Bhawan
B-14/A, Qutub Institutional Area,
Katwaria Sarai
New Delhi-110016

We forward our details for your consideration as per the following format, duly completed. We understand that the following are minimum/mandatory requirements to be met by a firm to be considered for the Empanelment as Auditors of National Pension System (NPS) for the FY 2019-20 for Statutory Audit of Schemes of NPS.

- a) Permanent establishment in Mumbai**
- b) Minimum 11 partners**
- c) At least 10 years record of continuous operations.**
- d) No restriction** should have been imposed or proposed on the entity/partners in the past three years by any Financial Sector Regulator or any Government Department or Agencies or any Statutory Bodies.

We further confirm that we fulfil each of the above three conditions.

**Note: 1. please add rows / columns in the tables in this format, if you need.
2. Please use / attach extra sheet, if required.**

PART A

1. Name of the Entity (In Capital Letters) _____

2. (a) Address of the Entity (H. O.)

2. (b) Address in Mumbai (if H.O. is not in Mumbai)

3. Constitution of Entity _____

(Partnership/Limited Liability Co etc.)

4. Telephone _____

5. E-Mail _____

6. Fax _____

7. Entity Registration No _____

8. Contact Person details

a) Name : _____

b) Designation : _____

c) Phone No : _____

d) Mobile No : _____

e) E-mail ID : _____

f) Fax No : _____

9. Year of Establishment: _____

10. Year from which entity is in Continuous operation as on 01.04.2019 (Minimum 10 Years) _____

11. No. of Full time partners as on 01.04.2019 (Minimum 11)

(Please give list in the following format)

Name of Partner	Membership No.	Year of Enrolment

12. No of Full time partners who have audit experience of a minimum 5 years as on 01.04.2019 (Minimum 4 full time partners) _____
(Please give list in the following format)

Name of Partner	Total No of Audits Undertaken	Experience In this entity		In other entity(s)		Total Experience	
		Years	Months	Years	Months	Years	Months

13. No of Full time partners who have been in practice in an audit entity (not necessarily the applicant entity) for a minimum period of 10 years as on 01.04.2019 (Minimum 2 full time partners).: Please give details below:

Name of the Partner	Total number of Audit Undertaken	Experience					
		This Entity		Other Entities		Total	
		Year	Month	Year	Month	Year	Month

14. No. of full time partners who have been in continuous practice with applicant entity for a total of at least 5 years as on 01.04.2019 (Minimum 2 full time partners)

(Please give list below in the table)

Name of Partner	Total Continuous Association with entity	of which as partner	of which as Employee	Date of joining the entity	Date of becoming the partner

15. No. of FCA {Fellow member of 'The Institute of Chartered Institute of India' (ICAI)} and have been in continuous practice for five years after enrolment as FCA as on 01.04.2019 (Minimum 1 full time partner) _____

(Please give list below in the table)

Name of Partner	Date of joining the entity	Date of becoming the FCA

16. Name(s) of the Partners/Chartered Accountant who possess CISA/ISA/any other equivalent qualification as on 01.04.2018 (Minimum 1) _____
 (Please give list below in the table)

Name	Partner or Paid C.A.	Qualification Held	Date of Passing the qualification	Date of joining the entity	Total experience

17. Audit Experience:

17.1 No of clients for which audit has been done in last 5 years as on 01.04.2019, from at least one of the following entities (Minimum 1): _____

(i) Mutual Fund Scheme, Mutual Fund, life insurance company or audit of a Mutual fund on behalf of SEBI. The AUM of such audited entity should not be less than Rs.1000 Cr.

(ii) Alternatively, the audit entity may have an audit experience of provident fund, pension fund or any superannuation fund. The AUM of such audited entity should not be less than Rs.500 cr.

(iii) The audit entity may have an audit experience of NPS Schemes.

17.2 Please give below the details of the clients in respect of point 9.1 (i) & (ii) above:

(i) (a) Mutual Fund Scheme Audit

S. No	Name of MF	Name(s) of Scheme(s) Audited	Year of Audit	Total AUM of Scheme(s) audited

(i) (b) Mutual Fund Audit - others

S. No	Name of MF	Type of Audit		Year of Audit	Total AUM audited (If applicable)
		Audit of AMC	Any other, please specify		

(ii) Mutual Fund Audit on behalf of SEBI

S. No	Name of MF	Type of Audit, give brief scope of assignment	Year of Audit	Total AUM audited (If applicable)

(iii) (a) Audit of Life Insurance Company – Covering Investments

S. N	Name of Life Insurance Company	Scope of Work	Year of Audit	Total AUM audited

(iii) (b) Audit of Other Life Insurance Companies – Audit other than Investments

S. No	Name of Life Insurance Company	Type of Audit, give brief scope of assignment	Year of Audit	Total AUM audited (If applicable)

(iv) Audit of National Pension System (NPS) Schemes

S.N	Name of Pension Fund Manager	Type of Audit, give brief scope of assignment	Did Audit include audit of NPS Schemes of, if yes, please give details	Year of Audit	Total AUM audited (If applicable)

(v) Audit of Other Funds – Provident Fund, Pension / Superannuation Fund

S. No	Name of Organization and Fund (if any)	Type of Audit, give brief scope of assignment	Did Audit include investments / schemes of, if yes, please give details	Year of Audit	Total AUM audited (If applicable)

17.3 Other related audit experience as on 01.04.2019:

(i) Audit of Custodians

S. No	Name of Organization	Type of Audit, give brief scope of assignment	Year of Audit	Total AUM audited

(ii) Audit of Record Keeping Agencies/ Registrar & Transfer Agents:

S. No	Name of Organization	Type of Audit, give brief scope of assignment	Year of Audit	Total Records audited

(iii) Audit of Schedule Commercial Banks:

S. No	Name of Bank	Type of Audit, give brief scope of assignment	Year of Audit	Total balance sheet size of the bank

18. Detail of Office in Mumbai (Branch/Head Office)

a) Address with Contact Person Details: _____

b) Staff Details:

S No	Particulars	Number

S No	Particulars	Number
1.	Total Partners	
2.	No of Partners who are FCA's	
3.	Paid CA's	
4.	Audit Staff	
5.	Other Professional Staff	
6.	Total Staff	

19. In respect of F.Y. 2019-20, is your entity in any way associated with the audit related work (Annual financial audit, internal/concurrent audit & any other audit related work) of the following companies:

Name of Pension Fund/Sponsor	Associated in Audit or otherwise for F.Y.2019-20 (Yes / No)
LIC Pension Fund Limited	
LIC of India	
SBI Pension Funds Private Limited	
State Bank of India	
SBI Fund Management Private Limited/SBI Mutual Fund	
SBI Capital Markets Limited	
UTI Retirement Solutions Limited	
UTI Assets Management Company Limited	
ICICI Pru Pension Funds Management Co. Ltd.	
ICICI Prudential Life Insurance Co. Limited	
Kotak Mahindra Pension Fund Limited	
Kotak Mahindra Assets Management Co. Ltd.	
Kotak Mahindra Bank Limited	
HDFC Pension Management Company Limited	
HDFC Standard Life Insurance Company Limited	
Aditya Birla Sun Life Pension Management Limited	
Aditya Birla Sunlife Insurance Company Limited	

Note: In case answer to any of the above is Yes, then please give full details below:

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- We note that this document does not constitute nor can be interpreted as an offer or invitation for appointment/ empanelment of auditors.

- We also note that this document constitutes no form of commitment on the part of NPST and does not confer any right or expectation on any party to participate in the empanelment/appointment process.
- NPST may at its discretion defer, postpone, or cancel this process altogether without any liability to any party.
- Dispute, if any, shall be subject to the exclusive jurisdiction of Delhi courts only.

Authorised Signatory
(Name of Signatory with Membership no.)
(Name of Audit Firm)

PART B

Please submit the following Documents along with the proposal: -

- a) Copy of the partnership deed/ Memorandum & Articles of Association or any other document evidencing the constitution of the organization
- b) Letter from ICAI regarding constitution of the Entity.
- c) Letter from ICAI certifying that no disciplinary case is pending against the Entity/partners.
- d) Self-Declaration for no restriction imposed or proposed on the entity/partners in the past three years by any Financial Sector Regulator or any Government Department or Agencies or any Statutory Bodies.

Special Note: if some of the documents are not attached or are not applicable then a statement of the reasons there for must be separately attached.

Declaration

(Note: 1. Declaration to be signed by at least 2 partners of which one should be the managing partner (where so designated) or an FCA.

2. The partners signing the form should submit valid authorization on the letterhead of the firm clearly showing that they have been so authorized by the firm to submit the application and evincing their interest to be so considered.)

We, the undersigned, partners of M/s _____ do hereby declare that the particulars as given above are as on _____ and are correct in all respects to the best of our knowledge and belief. We hereby declare that no separate application for any of our branches or for associate concern having common partner / proprietor or in individual name has been made. We undertake that I /we have gone through the **PFRDA (APPOINTMENT OF AUDITORS) GUIDANCE NOTE 2012** and affirm that this proposal is made as per the terms and conditions prescribed and in no way infringes the terms and conditions so prescribed. We recognize that in case the terms or conditions so prescribed are found to have been infringed the application/appointment is liable to be rejected/cancelled.

We further recognize that if any of the terms or conditions is infringed or any of the statement made therein or information furnished in the proposal is not correct, we would be liable for disciplinary action under the Chartered Accountants Act, 1949 and regulations framed there under.

We hereby declare that audit / other assignment allotted on the basis of information furnished in the application form will not be accepted and carried out if the entity in whose name of application is made is not in existence at the time of audit.

Name of the Partner	Membership No.	Signature

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Date:

Place:

Please note: Submission of proposal shall in no way be construed as a commitment on the part of the NPS Trust to offer appointment as an auditor. Dispute if any shall be subject to the exclusive jurisdiction of Delhi courts only