

# **NATIONAL PENSION SYSTEM TRUST**



**REQUEST FOR PROPOSAL**

**FOR**

**AUDIT & INSPECTION OF**

**AGGREGATORS**

**UNDER**

***NATIONAL PENSION SYSTEM***

## TABLE OF CONTENTS

1. INTRODUCTION.....	3
2. GENERAL TERMS & CONDITIONS AND DISCLAIMERS.....	4
3. BROAD SCOPE OF AUDIT.....	6
4. PRE-QUALIFICATION CRITERIA.....	7
5. RFP PROCESS.....	9
6. DELIVERABLES.....	14
7. GUIDELINES & INSTRUCTIONS.....	14
8. ANNEXURE I: REQUEST FOR CLARIFICATION.....	16
9. ANNEXURE II – FINANCIAL BID.....	17
10. ANNEXURE III – SELF DECLARATION.....	18
11. ANNEXURE IV – CERTIFICATION OF AUDIT.....	19
12. ANNEXURE V - AUDIT CHECKLIST FOR AUDIT OF AGGREGATORS.....	21
13. ANNEXURE VI – GROUP WISE AGGREGATORS DATA.....	29

## 1. INTRODUCTION

- 1.1 The National Pension System Trust (NPS Trust) was established by PFRDA on 27th February, 2008 with the execution of the NPS Trust Deed and is an intermediary under the PFRDA Act, 2013. The NPS Trust has been set up and constituted for taking care of the assets and funds under the National Pension System (NPS) in the interest of the beneficiaries (subscribers) and is the legal owner of the funds under NPS. Individual NPS subscribers shall be the beneficiaries of the NPS Trust. The NPS funds are managed by the Board of Trustees to realize and fulfill the objectives of the NPS Trust in the exclusive interest of the Subscribers. The Central Government has introduced the National Pension System (NPS) with effect from 1st January 2004. The NPS covers, at present, new entrants to Central Government services (excluding Armed Forces), some State Government services and autonomous bodies at their discretion and all citizens of India on a voluntary basis with effect from 1st May 2009. The website of NPS Trust is [www.npstrust.org.in](http://www.npstrust.org.in).
- 1.2 The NPS Trust with its Head Office located at B-14/A, 3rd Floor, Chatrapati Shivaji Bhawan, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016, seeks to appoint the Chartered Accountant firms as External Auditors for audit and inspection of Aggregators for FY 2016-17.
- 1.3 The appointment may be terminated, for such reasons as may be laid down under the terms of appointment including owing to deficiency in services being provided.
- 1.4 The various crucial dates relating to **“Tender for appointment of Auditor by NPS Trust for the Aggregator”** are cited as under:

(a)	Date of Issue	14 <sup>th</sup> Oct'2017
(b)	Last date of receiving queries from bidders	24 <sup>th</sup> Oct'2017
(c)	Pre-Bid Clarification meeting	30 <sup>th</sup> Oct'2017 at 11:00 am
(d)	Last Date and time for submission of Tender Document	06 <sup>th</sup> Nov'2017 at 3:00 pm
(e)	Date and time for opening of Financial Bids of eligible bidders	15 <sup>th</sup> Nov'2017 at 3:00 pm
(f)	Likely date for Award of Contract	Post evaluation of Financial Bids and after approval by the competent authority

**Note:** NPS Trust reserves the right to change any date/time mentioned in the schedule above under intimation to all concerned.

## 2. GENERAL TERMS & CONDITIONS AND DISCLAIMERS

- a. The interested Chartered Accountant firm may submit the bid complete in all respects along with Earnest Money Deposit (EMD) of Rs. 10000/- (Rs. Ten thousand Only) in the form of Pay order/DD and other requisite documents as specified hereafter at NPS Trust's office located at B-14/A, 3rd Floor, Chatrapati Shivaji Bhawan, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 latest by 6<sup>th</sup> November' 2017 by 3:00 pm
- b. The Earnest Money Deposit (EMD) of Rs. 10000/- (Rupees Ten Thousand Only), refundable (without interest), should be necessarily accompanied with the Bid in the form of Demand Draft / Pay Order drawn in favour of NPS Trust, New Delhi, **failing which the tender shall be rejected summarily.** In the event, the successful bidder fails to sign the agreement with NPS Trust for provision of services as sought in the tender, subsequent to bid being accepted, the EMD is liable to be forfeited.
- c. The successful bidder will have to deposit a Performance Security Deposit @ 10% of the value at which the contract is finally awarded to the firm appointed by NPS Trust. The security deposit shall be in the form of Bank Guarantee/Fixed Deposit Receipt from any Nationalized Bank drawn in favour of **National Pension System Trust, New Delhi** having a validity of three months beyond the period of contract. In case, the contract is further extended beyond the initial period, the Bank Guarantee/ Fixed Deposit Receipt will have to be accordingly renewed by the successful tenderer at its own cost.
- d. **The conditional bids shall not be considered and will be summarily rejected in very first instance without any recourse to the bidder.**
- e. The Competent Authority of the NPS Trust reserves the right to rescind all bids or discontinue this tender process, without assigning any reason.
- f. This document does not constitute nor should it be interpreted as an offer or invitation for any contractual agreement with NPS Trust.
- g. Prospective Bidders are advised to go through the complete tender documents including terms and conditions carefully before applying and understand the eligibility conditions etc. The bid once submitted shall not be ordinarily permitted to be withdrawn, after the closing date of submission of bids, which shall be at the sole discretion of NPS Trust.
- h. No binding legal relationship will exist between any of the bidder and NPS Trust until execution of a contractual agreement.

- i. By acceptance of this document, the recipient agrees that any information herewith will be superseded by any subsequent information on the same subject made available to the recipient by or on behalf of NPS Trust. NPS Trust reserves the right, at any time and without advance notice, to cancel or annul this RFP process, change the procedure for the appointment or any part of the process or terminate negotiations prior to the signing of any binding agreement/contract with successful bidder. There shall be no requirement on the part of NPS Trust to communicate the reasons for annulling the RFP process nor shall it be liable to any party on any account.
- j. A bidder will, by responding to NPS Trust for RFP, be deemed to have accepted the terms & conditions of this Introduction and Disclaimer.
- k. All entries in the tender form should be legible and filled clearly. **No overwriting or cutting is permitted in the Financial Bid Form. In such cases, the tender shall be summarily rejected.**
- l. This document is meant to provide information only and upon the express undertaking that recipients will use it only for the purposes set above. No representation or warranty, expressed or implied is or will be made as to the reliability, accuracy of the competence of any of the information contained herein. It does not purport to be all inclusive or contain all the information regarding the service to be provided or be the basis of the contract. It shall not be assumed that there shall be no deviation or change in any of the herein mentioned information on roles and responsibilities of service provider. While this document has been prepared in good faith, neither trustees of NPS Trust, nor any of its officers make any representation or warranty or shall have any responsibility or liability whatsoever in receipt of any statements or omissions made herein. Any liability is accordingly and expressly disclaimed by NPS Trust and any of their officers even if any loss or damage is caused by any act or omission on the part of NPS Trust or any of their officers, whether negligent or otherwise.
- m. By acceptance of this document, the recipient agrees that any information herewith will be superseded by any subsequent written information on the same subject made available to the recipient with access to any additional information or to update this document or to correct any inaccuracies therein which may become apparent, and they reserve the right, at any time and without advance notice, to change the procedure for the selection of service provider. Accordingly, interested recipients should carry out an independent assessment and analysis of the requirement of the information, facts and observation contained therein.
- n. This document has not been filed, registered or approved in any jurisdiction. Recipients of this document should inform themselves or and observe any applicable legal requirement.

- o. This document constitutes no form of commitment on the part of NPS Trust. Furthermore this document confers neither the right nor any expectation on any party to participate in the tender process. The bidder is responsible for all acts incurred in connection with participation in this process. This tender does not commit the NPS Trust to award a contract or to engage in negotiations. The bidder participations in this process may result in NPS Trust selecting the bidder to engage in further discussions and negotiations towards execution of a contract. The commencement of such negotiations does not, however signify a commitment by NPS Trust to execute a contract or to continue negotiations. The NPS Trust may terminate negotiations at any time without assigning any reason.
- p. NPS Trust reserves the right to vary/alter/amend the eligibility criteria for the Chartered Accountant firm at any time, in its discretion, before the last date of submission of proposals.
- q. The selected Chartered Accountant firm shall comply with and abide by such instructions directions that NPS Trust may issue from time to time.
- r. The proposal and all correspondence and documents shall be written in English. All proposals and accompanying documents received within the stipulated times shall become the property of NPS Trust and will not be returned.
- s. Once the NPS Trust notifies the successful bidder that its proposal has been accepted, NPS Trust shall enter into separate agreement with the successful bidder and the terms and conditions of provisions of service etc. shall be specified therein.
- t. The successful firm shall be liable to maintain secrecy and confidentiality of all the information / data / operations, etc. of NPS Trust and in relation to the work undertaken by it.
- u. Any form of canvassing / lobbying / influence / query regarding short listing, status, etc will be a disqualification.
- v. The person(s) signing the bid documents shall preferably initial all pages of the bid.
- w. Governing Laws/Jurisdiction/Arbitration: Any dispute in relation to the process of selection of the Chartered Accountant firm under this process shall be subject to the exclusive jurisdiction of courts at New Delhi only. Any dispute arising post the award of contract of engagement shall be settled in accordance with the terms mentioned therein.

### **3. BROAD SCOPE OF AUDIT /INSPECTION**

The Aggregator registered under NPS has been entrusted with the functions such as undertaking Know Your Customer (KYC) verification, receiving contributions and instructions from

subscribers and transmission of the same to designated NPS intermediaries in terms of the PFRDA (Aggregator) Regulations, 2015. Aggregator(s) and their authorized branches (NLCCs) shall also be required to comply with the provisions of the Prevention of Money Laundering (PML) Act, 2002 and the rules framed thereunder, as may be applicable, from time to time. The selected firm would broadly have the scope of work related to the Aggregator as under:

- i. NPS Lite/Swavalamban subscriber Service Request management and risk management systems
- ii. Subscriber Contribution File (SCF) and Funds Upload by the Aggregator.
- iii. Banking and NPS Lite account operations
- iv. Documentation/Anti Money Laundering Compliance by the Aggregator.
- v. Management of Aggregator (NLOO/NLAO/NLCC) and internal control
- vi. Subscriber grievance handling by the Aggregator.
- vii. Maintenance of Books of Accounts by the Aggregator.
- viii. Verification of MIS/ Compliance/ Audit reports submitted by Aggregators.
- ix. Any other activity in relation to the above

The applicants may refer to PFRDA (Aggregators) Regulations, 2015 and 'Guidelines for Operational Activities to be followed by Aggregators on the website [www.pfrda.org.in](http://www.pfrda.org.in) for more information.

The audit & inspection checklist based on the above scope of work is provided under Annexure V.

## **4. PRE-QUALIFICATION CRITERIA**

### **4.1 MINIMUM ELIGIBILITY CRITERIA:**

- a) The applicant firm should be a registered partnership or a limited liability partnership and should have been registered with ICAI and practicing continuously in India for a minimum period of 10 years and engaged in conducting audit for at least a period of five years.
- b) Audit entity should have a minimum of three partners out of which,
  - i. Any two partners to have been in active practice of audit for ten years
  - ii. Any two partners to have been associated with the bidder audit firm for a continuous period of five years,
  - iii. Any one partner of the entity or the designated partner (LLP) 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.

- c) The applicant firm should be currently empanelled as auditor with SEBI or IRDAI or NSE
- d) The applicant firm should have experience of audit of at least 5 Share Brokers/depository participants/Mutual Funds/insurance Companies.
- e) The applicant firm should not have been banned/declared ineligible for corrupt and fraudulent practices by the Govt. of India/State Govt/RBI/ICAI/C&AG/SEBI/IRDAI and should not have any disciplinary proceedings pending against the applicant firm or any of its partners with ICAI/RBI/ C&AG/SEBI/IRDAI.

Note: All eligibility criterion has to be duly satisfied on the date of submission of bid and not at a later date.

#### 4.2 INFORMATION REQUIRED

- a. Mandatory information to be submitted on the letter head of the firm to be eligible for conducting Audit & inspection of Aggregators under National Pension System is as under:

Sr.No.	Particulars	Details					
1.	Name of the CA Firm						
2.	Address of Head Office						
	Number of Branch Offices						
3.	Constitution						
4.	Date of Establishment						
5.	Registration Number of the firm with ICAI						
6.	Whether empanelled with SEBI or IRDAI or NSE, if yes give the details						
7.	Whether your firm had or is presently having any kind of professional/business association directly with NPS Trust/PFRDA/intermediary under NPS, which is likely to result in conflict with the proposed assignment under this RFP?						
8.	Manpower (Nos)						
	A) Qualified Professionals:						
	(i) Partners/ Designated Partner(s) _of LLP__						
	(ii) Others ____						
	B) Articles: ____						
	C) Partner/ Staff with DISA/ CISA qualification						
9.	Brief profile of partners in the following manner)						
	Name/ Qualification	ICAI Membership /Date of Certificate of Practice	Number of years of experience in conducting audit	Whether DISA/ CISA	Whether FCA or ACA	Date of acquiri ng FCA designa tion	Mobile No.



10.	Past Experience of Concurrent / Internal/ Statutory Audit of Share Brokers/depository participants/Mutual Funds/insurance Companies						
	Name of the Share Brokers/depository participants/Mutual Funds/Insurance Companies	Nature of Assignment (Statutory/ Concurrent/Internal/Inspection)	Year of Assignment	No. of Staff Deployed			

#### 4.3 DOCUMENTS TO BE SUBMITTED WITH THE APPLICATION

CA firms shall submit the following documents along with the application.

- i) Mandatory information as per point No. 4.2 above (Duly certified)
- ii) Copies of certificate of experience and conduct of audit assignment etc., in relation to similar assignment performed elsewhere, if any. (Duly certified)
- iii) Copies of Registration Certificate issued to the firm by ICAI. (Duly certified)
- iv) Copy of constitution Certificate issued by ICAI. (Duly certified)
- v) Self- Attested copy of Telephone bill/ Electricity Bill /Registered Lease Deed/ the Constitution certificate issued by ICAI to the firm supporting the address of the firm.
- vi) Empanelment certificate/letter issued by SEBI or IRDAI or NSE, if any.
- vii) Financial Bid as per Annexure II.
- viii) Self-declaration in respect of submitting the application for conducting audit & inspection of Aggregators as per **Annexure III**.

## 5. RFP PROCESS

The selection process will have the following steps:

### 5.1 CONTENT OF RFP DOCUMENTS

The RFP document should be read in conjunction with any Addendum/corrigendum issued in accordance with section 5.3.1 (Amendment of RFP documents) of this RFP document and proceedings of Pre-Bid meeting issued in accordance with section 5.2 (Pre- Bid meeting)

The bidder is expected to examine all instructions, forms, terms, requirements and other information in this RFP documents. Failure to furnish all information required by the RFP documents or submission of a proposal not substantially responsive to the RFP documents in every aspect would be at the bidder's risk and may result in rejection of its proposal.

## 5.2 PRE-BID MEETING

A prospective bidder requiring any clarification on the RFP documents may notify NPS Trust in writing at the address indicated in this RFP. The format for the same is prescribed at **Annexure I (MS Word only)**. The same shall also be mailed to [ksumit@pfrda.org.in](mailto:ksumit@pfrda.org.in) & [prthvi.gurjar@pfrda.org.in](mailto:prthvi.gurjar@pfrda.org.in). All queries and clarifications should reach NPS Trust latest by the date and time as specified in the section 1.4 of this RFP.

NPS Trust would provide clarifications to the bidders in the pre-bid meeting only. NPS Trust would prepare and send responses to the queries and clarifications by the bidders in a consolidated manner. NPS Trust will not entertain or respond to bidders' queries and clarifications after pre-bid meeting.

The bidders' authorized representatives are invited to attend the Pre-bid meeting at their own cost, which would take place at the venue mentioned below and time as stipulated in this RFP. The maximum number of authorized representatives for each bidder shall not be more than two.

Venue:

**National Pension System Trust**  
3rd Floor, Chatrapati Shivaji Bhawan  
B-14/A, Qutab Institutional Area,  
Katwaria Sarai,  
New Delhi – 110016

## 5.3 SUBMISSION OF BIDS

The bidders shall respond to the RFP and send the required bids to NPS Trust as detailed under Section 4.2, Annexure II & III. The bidder shall submit a sealed cover envelop consisting of two (2) hard copies of all the bid documents and a softcopy on CD-ROM. There are five (5) different Groups/clusters of Aggregators created according to the locations/Regions where the Head office of the Aggregators are located for the purpose of inspection/audit. The number of NPS related transactions made by the Aggregators during the financial year and location of Aggregators /detail of the Group is mentioned under Annexure VI.

The bidder can bid for one or more than one Group/cluster. The name of the Group, the bidder's name and address, and the name of the primary and secondary contact person should be provided on the right hand side of the main sealed proposal. There should be an index at the beginning of the proposal detailing the summary of all information contained in the proposal and all the pages of the proposal should be serially numbered. The currency of the proposal and payments shall be in Indian Rupees only. NPS Trust will not accept delivery of proposal by fax

or email. Proposals received in such manner shall be treated as defective/invalid and rejected. All proposals and correspondence and documents shall be written in English language only. All proposals and accompanying documents received within the stipulated time will become the property of NPS Trust and will not be returned. The hard copy version will be considered as the official proposal.

Copies of the bids (both in Original and Duplicate) must consist of the following:

- a. Envelope I: Earnest Money Deposit in sealed cover super scribing on the right hand side top of the cover as "Envelope 1: Earnest Money Deposit "
- b. Envelope II: Technical Proposal, including a softcopy on CD-ROM: In a sealed cover super scribing on the right hand side top of the cover as "Technical Proposal"
- c. Envelope III: Financial Proposal, in a sealed cover super scribing on the right hand side top of the cover as "Financial Proposal".

All the above three envelopes must be enclosed in a main envelope and the details should be mentioned on it as written above.

In case bidder wants to bid for more than one Group, separate bids (complete set as per above) have to be submitted for each of the Groups.

The Financial Bid should contain the total cost for the proposed assignment with break-up of professional fees and taxes. NPS Trust would not be providing or reimbursing any expenditure towards accommodation, local conveyance, air fare or train fare, halting expense, lodging, boarding etc. in connection with carrying out of the assignment.

**5.3.1** At any time prior to the deadline for submission of proposal, NPS Trust may modify for any reason deemed necessary, the RFP by amendment notified in writing or by fax or email to all the bidders and such amendments shall be binding on them.

#### **5.4 VENUE AND DEADLINE FOR SUBMISSION OF PROPOSAL.**

Proposals should reach NPS Trust at the following address not beyond the time limit as specified in section 1.4:

**Chief Executive Officer**  
National Pension System Trust  
3rd Floor, Chatrapati Shivaji Bhawan  
B-14/A, Qutab Institutional Area,  
Katwaria Sarai,  
New Delhi – 110016

In case the proposal is submitted by hand, bidders' representative(s) shall sign a register evidencing their attendance.

#### **5.5 BID OPENING**

Total transparency will be observed while opening of proposals. Sealed envelopes of the Financial bids of only technically qualified bidders will be opened at the date and time as prescribed in section 1.4 of this RFP. NPS Trust reserves the right at all times to postpone or cancel a scheduled RFP opening. The venue for the opening of proposals is as mentioned in the Section 5.2 of this RFP.

If any document is not in the specified format, NPS Trust, at its option, may seek a fresh submission of this document. Bidder is allowed to withdraw his bid documents till deadline for submission of proposals. Once the bid documents are submitted, modifications and substitutions in the bid documents shall not be allowed. The proposals shall be valid for a period of four (4) months from the date of opening of the proposals. A proposal valid for a shorter period may be rejected as non-responsive. In exceptional circumstances, at its discretion, NPS Trust may solicit the bidder's consent for an extension of the validity period. The request and responses shall be made in writing.

The list of technically qualified bidders shall be informed through email to all the bidders who applied in response to the RFP. Only the representatives of the bidders, who have been declared as technically qualified, will be allowed to attend the opening of financial bids. The maximum number of authorized representatives for each bidder will not be more than two. The bidder's representative(s) shall sign a register evidencing their attendance.

## **5.6 Late Bids**

Any proposal received by NPS Trust after the deadline for submission of proposal prescribed in section 1.4 of this RFP shall be summarily rejected and returned unopened to the bidder.

## **5.7 Disqualification Criteria**

NPS Trust may at its sole discretion, disqualify any bidder, if the bidder has-

- a) Submitted the proposal in consortium with other firms
- b) Made misleading or false representation in the forms of statements and attachments submitted in proof of the eligibility requirements.
- c) Submitted a proposal that is not accompanied by required documents.
- d) Failed to provide clarifications as needed by NPS Trust.
- e) If the application is not complete in any or all respects and does not conform to the requirements specified in the RFP or any other selection criteria specified.
- f) If the application is unaccompanied by the specified earnest money deposit or with relevant documents in support or the applicant fails to furnish such additional information as required by NPS Trust;
- g) If the application contains or information provided by the Bidder is incorrect, false or misleading information.
- h) Incomplete Financial Bid.
- i) Bids which do not conform to Bid's Commercial Bid format.
- j) Bids where prices are not firm during the entire duration of the contract and / or with any qualifications.
- k) Bids received through Fax/E-Mail.
- l) Bids which do not conform to unconditional validity of the Bid as prescribed in the Bid.
- m) Bids not submitted in accordance with section 5.3 prescribed in the RFP.
- n) Bid received by NPS Trust after the last date and time for receipt of Bids prescribed.

- o) Bids without power of authorization or any other document consisting of adequate proof of the Signatory's Authority.

## **5.8 EVALUATION OF BID**

The bids will be evaluated on two parts by an evaluation cum selection committee. The first part would be evaluation towards fulfillment of eligibility criteria and technical evaluation. Second part would be a commercial/ financial evaluation. The details of evaluation criteria are explained below.

### **5.8.1 TECHNICAL EVALUATION AGAINST QUALIFICATION CRITERIA:**

The first stage of evaluation would involve examination of the bid documents by evaluation cum selection committee of each of the bidders against the qualification criteria set out under Section 4 of the RFP. NPS Trust though not obliged may ask bidder(s) for additional information to be provided to the evaluation cum selection committee, arrange discussions with their professional, technical faculty to verify claims made in bid documentation.

The bidders are expected to respond/provide the information/clarifications within the stipulated time. The failure to provide the information may lead to disqualification of the bidder.

*Please note that the technical proposal must NOT contain any pricing information.*

### **5.8.2 FINANCIAL EVALUATION**

The financial bids will be opened for only those bidders who are declared technically qualified by the evaluation cum selection committee. The financial evaluation will take into account the information supplied by the Bidders in the financial proposal, and the same shall be evaluated in accordance with the evaluation criteria specified in this RFP. For each of the Group, the financial evaluation would be based on L1 Criteria i.e. the bidder with the least financial quote shall be eligible for award of contract. The fee quoted will be firm and fixed for the duration of performance of the contract. At no point of time will any deviation from the quoted rate would be entertained by the Authority. Where the fee quoted in the financial bid is zero or in the opinion of NPS Trust, is significantly low, so as to impede the effective working of the contract and provision of timely, efficient and quality services to NPS Trust, then such bids even if L-1, shall be treated as non-responsive and rejected.

*Please note that the financial bid should not be conditional and no technical information should be provided along with the financial proposal.*

#### **Note:**

A substantially responsive Bid is one, which conforms to the requirements, terms, conditions and specifications of the Request for Proposals without material deviation. A material deviation is one which affects in any substantial way the functionality, scope, quality, or performance of the Deliverables, or which limits in any substantial way, inconsistent with the Request for Proposals, NPS Trust's rights or the Bidder's obligations for, performance of the Project and the rectification of which deviation would affect unfairly the competitive position of other Bidders presenting substantially responsive Bids.

### **5.8.3 NEGOTIATIONS, FINALIZATION AND NOTIFICATION OF AWARD**

The evaluation cum selection committee shall reserve the right to negotiate with the bidder whose proposal has been ranked L1 of each group. If NPS Trust is unable to finalize a service agreement with the bidder ranked L1, NPS Trust may proceed to the next ranked bidder (L2), and so on until a contract is awarded. NPS Trust reserves the right to present a contract to the bidder selected for negotiations. Contract will be awarded to the bidder whose proposal conforms to the RFP and is, in the opinion of NPS Trust, the most advantageous and provides the best value to the project and other technical factors considered. NPS Trust reserves the right to annul the bid or call for a re-bid if, in its opinion, the bids received are not reasonable. Evaluation will be based on the proposals and any additional information requested by NPS Trust. Prior to expiry of the validity period, NPS Trust shall notify the successful bidder in writing that its proposal has been accepted.

## **6. DELIVERABLES**

The selected bidder(s) per group shall be appointed as Auditors for audit of Aggregators under NPS for FY 2016-17. The Auditors shall complete the task of audit and inspection of Aggregators assigned to them within 2 (two) months of assigning of the contract and as mentioned in the contract and completion of audit and submission of report within the stipulated time, shall be an essence of this selection process and the contract to be signed with successful bidder.

## **7. GUIDELINES & INSTRUCTIONS**

### **7.1 Letters and Declaration to Accompany Tenders**

The bid must be accompanied by a letter on firm's letter head showing the full registered name(s) and registered office address of the bidder. It should be signed by a person of suitable authority (Designated Partner in case of LLP/ Senior Partner) to commit the bidders to a binding contract.

### **7.2 Conflict of Interest**

Bidders must disclose in their bid, details of any circumstances, including personal, financial and business activities that will, or might, give rise to a conflict of interest. Where bidders identify any potential conflicts they should state how they intend to avoid such conflicts. NPS Trust reserves the right to reject any bid which, in NPS Trust's opinion, gives rise, or could potentially give rise to, a conflict of interest including on account of association with any intermediaries registered with PFRDA.

### **7.3 Payment**

For carrying out the said assignment the fee is payable to the firm upon fulfillment of relevant terms and conditions as mentioned in the tender document as well as in the

agreement post submission of the bill.

#### **7.4 Undertaking from the firm that:**

The proposal submitted by the bidder must be accompanied by an undertaking with the stating that:

- a. There has not been any disciplinary action initiated or contemplated/suspension of practice against the entity or debarment from conducting any activity by ICAI/SEBI/IRDAI/RBI/C&AG or other regulatory /statutory authority during the last five years
- b. None of the partners/employees have been convicted of any offence involving moral turpitude or has been found guilty of any economic offence.
- c. No appeal/unresolved dispute/suit/case/application has been pending at any court in India regarding the existence of the business/ right to carry on practice of the firm or any of its partners/directors.

#### **7.5 Indemnity**

The successful bidder shall exercise reasonable skill, care and diligence in the performance of the assignment and indemnify and keep NPS Trust, its trustees, members, officers, directors, employees indemnified in respect of any loss, damage or claim howsoever arising out of or related to breach of contract, statutory duty or negligence by the firm or by its staff, agents or sub-contractors in relation to the performance or otherwise of the Services to be provided under the Contract.

#### **7.6 Assigning to Others**

The successful bidder shall not, without the prior written consent of NPS Trust, assign or transfer or cause to be assigned or transferred, whether actually or as the result of takeover, merger or other change of identity or character of the firm any of its rights or obligations under the Contract or any part, share or interest therein. Upon any such assignment or transfer, this engagement may forthwith be terminated by NPS Trust.

#### **7.7 Termination**

Without prejudice to the other terms of engagement to be stipulated in the contract/agreement, NPS Trust may, at its sole discretion and at any time terminate the Contract of engagement by giving a month's notice, and inform the firm engaged by NPS Trust's decision by written instruction to that effect. Termination could also take place on such breaches as may be specified in the agreement. In the event of the Contract of engagement being so terminated, the firm shall take such steps as are necessary to bring the Services to an end, in a cost effective, timely and orderly manner.

The documents/information/reports/analysis in the custody of the firm, during and pursuant to such audit, shall be the exclusive property of NPS Trust and it shall have all rights over the same, and shall be handed over to NPS Trust.



## Annexure I: Request for Clarification

Bidder's Request For Clarification			
Name of Organization submitting request		Name & position of person submitting request	Address of organization including phone, fax, email points of contact
			Tel:  Fax:  E-mail:
S. No.	Bidding Document Reference (Number/page)	Content of RFP requiring clarification	Points of Clarification required
1			
2			
3			

## Annexure II

### Financial Bid

Name of the group for which the bid is being submitted*	
---	--

S.N.	Particulars	Amount (in Rs.)
1	Annual Professional Fees	
2	Taxes @ %	
3	Total	

Date

Signature of Authorised Person

Place:

Name:

Designation along with Stamp

\*\*In case of bidder wants to bid for other groups as well, the Financial Bids have be submitted in separate Annexures.

## Annexure III

### Self- Declaration

(to be furnished on the letter head of the firm)

The Chief Executive Officer  
National Pension System Trust  
B-14/A, Third Floor,  
Chhatrapati Shivaji Bhawan  
Qutab Institutional Area,  
Katwaria Sarai,  
New Delhi-110016

Dear Sir,

**SUBJECT: APPLICATION FOR APPOINTMENT OF EXTERNAL AUDITOR BY NPS TRUST FOR F.Y. 2016-17**

Please find enclosed the bid for consideration of our firm to be appointed for conducting the audit and inspection of Aggregators under National Pension System for the FY 2016-17, registered by Pension Fund Regulatory and Development Authority (PFRDA) under PFRDA (Aggregators) Regulations, 2015.

We agree to undertake the assignments, if given by you, as per the scope of work. We hereby declare that our firm does not have any pecuniary liability or any claim/disciplinary/legal proceeding pending against us/ our partners or any other cause which could hamper our ability to render the services as envisaged. We also declare that our firm has not been banned / declared ineligible for corrupt and fraudulent practices by the Govt. of India / State Governments / RBI / ICAI/IRDAI/SEBI/C&AG and does not have any disciplinary proceedings pending against it or any of the partners by ICAI/IRDAI/SEBI/RBI/ C&AG. If the aforesaid representation /declaration or information in the annexures is found to be incorrect, we agree that the NPS Trust shall be entitled to terminate the agreement, if executed, or initiate suitable action as deemed fit and appropriate by the NPS Trust, without reference to us. We or our affiliates have, during the last three years, neither failed to perform any agreement, as evidenced by imposition of a penalty by an arbitral or a judicial pronouncement or arbitration awarded against us or our Affiliates, nor has been expelled from any project or agreement nor had any agreement terminated for breach by us or our affiliates.

Date:

Signature of Authorised Person

Place:

Name :

Designation with Stamp:

List of Documents enclosed

## Annexure IV

*Aggregator-Audit F.Y. \_\_\_\_: Auditors' Report*

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

**To**

**The Board of Trustees**

National Pension System (NPS) Trust  
Chhatrapati Shivaji Bhawan,  
3rd Floor, B-14/A, Qutab Institutional Area,  
New Delhi – 110016

### **CERTIFICATE OF AUDIT AND INSPECTION**

We have conducted the Audit and Inspection of by M/s. \_\_\_\_\_, (name of the Aggregator) bearing PFRDA registration number \_\_\_\_\_ under the National Pension System for the Period/Year .... as per the check list provided to us by the NPS Trust and hereby submit the Aggregator Audit Report for your perusal.

1. The purpose of this audit and inspection is to examine that the processes, procedures followed and the operations carried out by the Aggregator are as per the applicable Act, Rules, Regulations, and Circulars prescribed by PFRDA and the notifications, circulars, guidelines etc issued there under.
2. Our procedures covered all the areas listed in the recommended Audit and Inspection Checklist for Aggregators provided by NPS Trust (enclosed, duly signed by us under reference to this certificate.)
3. 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 been maintained by the Aggregator.
4. We have conducted the audit and inspection within the framework provided by NPS Trust 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 Aggregator, has been observed during the course of this Audit.
5. Based on the scrutiny of relevant books of accounts, records and documents, we certify that the Aggregator has complied with the relevant provisions of PFRDA Act, 2013, PFRDA (Aggregators) Regulations, 2015 (Chapter IV, Regulations 21-26) and circulars/guidelines issued by PFRDA.

6. 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 Aggregator.
7. In our opinion and to the best of our information and according to the explanations given to us by the proprietor/partner (s)/director (s)/ compliance officer, the Report provided by us as per the Annexure and subject to our observations, which covers the entire scope of the Audit and Inspection, is true and correct.

**For**

**..... (Name of Firm)**

**Chartered Accountants**

**Firm Regn No...**

**..... (Name of Partner)**

**Partner**

**Membership No:**

**Place:**

**Date:**

## ANNEXURE V

### Audit Checklist for Audit and Inspection of Aggregators

S. No	Details	Comments of the Auditor on observation	Remarks of Auditor on non-compliance	Sample Size
Subsequent Contribution Submission				
1	Whether Aggregator issued contribution receipt to the subscriber on the same day and retained copies of the same?	YES/NO/NA		25 transactions per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
2	Whether the contribution collected from the subscriber (cash/cheque) by the collection centre deposited into the collection account maintained by NLOO/NLAO within T+1 days? Where T is the date of collection of money from subscriber by the Aggregator.	YES/NO/NA		
3	Whether Aggregator prepared and uploaded Subscriber Contribution File (SCF) into CRA system simultaneously after processing the subscriber's contributions and before remitting funds to Trustee Bank within the turnaround time? <b>Prescribed Turnaround time:</b> T + 2, where T is the date of receipt of clear funds by Aggregator.	YES/NO/NA		
4	Whether Aggregator transferred the clear funds to Trustee Bank account in T+2 days? Where T – date of clear funds received in collection account.	YES/NO/NA		
Handling of Withdrawal/Exit Requests				
5	Whether Subscriber's request for withdrawal/exit processed/ uploaded same day into the CRA system by Aggregator, if such request received within banking hours for public?	YES/NO/NA		25 transactions per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
6	Whether Subscriber's request for withdrawal/exit processed/ uploaded into the CRA system within T+5 days where T is the date of receipt of the request.	YES/NO/NA		
7	Whether Aggregator communicated the 'pending requirements' (as received by CRA) in the withdrawal request within T+1 day, where T is the date of	YES/NO/NA		

	letter/email asking for pending requirements by NSDL/CRA or mail/letter to NLCC by NLOO/NLAO			
8	Whether Aggregator has sent the original physical copy of the withdrawal forms to CRA for recordkeeping purpose post authorisation of claims request in CRA system?	YES/NO/NA		
Handling of Other Transactions				
9	Whether subscriber's request for shifting of Aggregator was uploaded into the CRA system by Aggregator within T+5 days., T – date of request received by Aggregator?	YES/NO/NA		25 transactions per quarter or 3% transactions processed during the quarter, whichever is higher during the Audit Period.
10	Whether subscriber's request for change of address/nominee/bank account/scheme preference change etc. was uploaded into the CRA system by Aggregator within T+5 days., T – date of request received by AGGREGATOR?	YES/NO/NA		
Handling of Subscriber's Grievances				
11	Number of subscriber grievances received during the year, including CGMS of CRA.			Audit Period
12	Number of subscriber grievances resolved during year, including CGMS of CRA.			Audit Period
13	Number of subscriber grievances pending as on the last day of the year, including CGMS of CRA.			Audit Period
14	Whether the grievances raised against the Aggregator/ are resolved within the timelines specified by PFRDA, including CGMS of CRA?	YES/NO/NA		Audit Period
15	Whether designated email id for subscriber grievance is created and informed to the CRA and displayed on the website of the Aggregator?	YES/NO/NA		Audit Period
Servicing and Risk Management Systems				
16	Whether proper systems are in place to ensure timely subscription collection and issuance of acknowledgement in lieu of the receipt of subscriptions from the subscriber?	YES/NO/NA		Audit Period

17	Whether deviations reported in Exceptions reports (Annexure 1.1, 1.2 & 1.3) submitted to NPS Trust matches with the actual transactions made by the Aggregator?	YES/NO/NA		At least 3 months (Quarter 4 of the FY) data to be compared and deviations to be reported
18	Whether no cash dealings with subscribers are done in violation of the prescribed norms	YES/NO/NA		Audit Period
19	Whether subscribers' funds are misutilised (not being remitted to NPS system despite collection from subscriber without any justifiable reason)? If misutilised, instances to be provided	YES/NO/NA		Audit Period
20	Whether Aggregator is charging any extra fee from subscribers which is not permitted under the Regulation, guidelines & circulars issued by the Authority in this regard?	YES/NO/NA		Audit Period
<b>Handling of Books of accounts, records and registers</b>				
21	Whether Aggregator maintains separate bank account for NPS subscriber funds and its/his own funds?	YES/NO/NA		Audit Period
22	Whether Aggregator is maintaining the details of money received from the subscribers – in cash, by cheque, or any authorized form of remittance?	YES/NO/NA		Audit Period
23	Whether Aggregator is maintaining the details of subscriber-wise money remitted to the Trustee Bank?	YES/NO/NA		Audit Period
24	All quarterly compliance certificates submitted to NPS Trust are checked and found correct.	YES/NO/NA		Audit Period



### Other activities to be examined by the Auditor

S. No.	Parameter	Comments of auditor (Whether Aggregator has complied with?)	Remarks of auditor (In case non compliance observed)	Sample Size																																
1	Whether Aggregator has carried out monthly reconciliation of the NPS Trust Collection account and maintained the reconciliation statement.	Yes/No/NA		Audit Period																																
2	Unreconciled Balance in the NPS Trust Collections account during Year 2016-17: <table><tr><th>Particulars</th><th>Amount (Rs)</th><th>No. of subscribers to which amount belongs</th></tr><tr><td>Opening Balance</td><td></td><td></td></tr><tr><td>Less: Reconciled during the Year</td><td></td><td></td></tr><tr><td>Add: Unreconciled for the Year</td><td></td><td></td></tr><tr><td>Closing Balance</td><td></td><td></td></tr></table>	Particulars	Amount (Rs)	No. of subscribers to which amount belongs	Opening Balance			Less: Reconciled during the Year			Add: Unreconciled for the Year			Closing Balance																						
Particulars	Amount (Rs)	No. of subscribers to which amount belongs																																		
Opening Balance																																				
Less: Reconciled during the Year																																				
Add: Unreconciled for the Year																																				
Closing Balance																																				
3	Opening Balance of unreconciled balance in the NPS Trust Collection account(s) maintained during previous years (Year wise): <table><tr><th>S. No.</th><th>Financial Year</th><th>Unreconciled Balance</th><th>No. of subscribers to which amount belonged</th></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></table>	S. No.	Financial Year	Unreconciled Balance	No. of subscribers to which amount belonged																															
S. No.	Financial Year	Unreconciled Balance	No. of subscribers to which amount belonged																																	
4	Whether efforts were made by Aggregator to resolve the unreconciled amount? Provide detailed comments of the observations made by the Auditor.	Yes/No/NA		Audit Period																																
5	Whether Aggregator is using Payment Gateway(s) to accept contribution from subscribers under NPS.	Yes/No/NA		Audit Period																																

<b>6</b>	In case of use of Payment Gateway(s), whether subscribers are charged extra fee as per the manner and limits prescribed under Regulation, guidelines & circulars issued by the Authority.	<b>Yes/No/NA</b>		<b>Audit Period</b>
<b>7</b>	Whether Aggregator is adhering to the Code of Conduct as specified under Regulations 20 of PFRDA (Aggregators) Regulations, 2015.	<b>Yes/No/NA</b>		<b>Audit Period</b>
<b>8</b>	Has the Internal Audit Report as a requirement of Aggregator guidelines issued by PFRDA been submitted by Aggregator on Half Yearly basis.	<b>Yes/No/NA</b>		<b>Audit Period</b>
<b>9</b>	Whether Aggregator submitted to the National Pension System Trust, reports on monthly/quarterly basis or at such intervals in specified formats of its activities and the compliances with the guidelines.	<b>Yes/No/NA</b>		<b>Audit Period</b>
<b>10</b>	Any other matters, which you may like to bring to the attention of the management of Aggregator or NPS Trust?	<b>Yes/No/NA</b>		<b>Audit Period</b>

## **Reference Guidelines**

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

The report shall also include the following.

### **1. Management comments**

- a)** In case of any non-compliances/findings/observations/qualifications by the auditor the management responses should be obtained against each point. Further para wise comments are required to be given by the management for corrective action taken as given in the format above.
- 2.** Improvements brought about in the operations between the last audit and the current audit.
- 3.** Auditor shall specifically declare about direct / indirect interest in or relationship with the Aggregator 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 Aggregator.
- 4.** Membership number allotted by the affiliated professional body should be quoted at the bottom of the report as provided in the format. Each page of the report shall be signed and stamped by the auditor.
- 5.** In case any violations/qualifications/observations are observed by the auditor the same shall be submitted as annexure with complete details and should be quantified specifying the no of instances, value etc. and the evidences should be enclosed with the Audit Report.

6. Sample size indicated in the format above is minimum sample size. The auditor may increase the sample size as it may deem fit. It is desirable that the sample selected is representative sample of the population.
7. The audit report should be submitted to NPS Trust as per the report format specified above along with the Aggregator management comments wherever non-compliance/adverse remarks are made by the auditor.
8. In case where audit report submitted is incomplete and not as per the guidelines like sample size not given, only certificate submitted without report, same would be treated as non-submission of audit report. NPS Trust reserves the right to advise the auditor to get the audit redone for completing the set audit process and format or change the auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.
9. If in the opinion of the auditors, any observation related to any area also possesses a risk relating to Anti Money Laundering (AML) or Combating Financing of Terrorism (CFT) then such observation should be highlighted clearly specifying the risk relating to it.

### **Indicative Processes/guidance for verification of respective areas:**

#### **1. NPS Subscriber Service Request management and risk management systems**

- i. Procedure adopted for receipt of request for services from subscribers
- ii. Mechanism for execution of subscriber requests for service.
- iii. 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 Guidelines for Operation activities of Aggregators.

#### **2. Dealing with subscribers' funds**

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

#### **3. Banking and NPS Lite/ Swavalamban account operations**

- i. Procedure for segregation of own and NPS Lite Swavalamban subscribers' funds and (in separate accounts)

- ii. Internal controls for use of subscriber bank and subscriber NPS Lite/Swavalamban accounts only for authorized purposes.

#### **4. Management of Aggregator and internal control**

- System and Policy followed for opening / closing of branch
- Procedure adopted to inform the same to subscribers
- Periodicity and procedure adopted for inspection of Aggregator branches
- Reporting mechanism and mode of informing the inspection observations to Aggregator branches and Follow up action plan
- Policy of fixing of roles and responsibilities of officials in head office and branch office
- Documentation of Internal controls and Comments on Internal controls in place

#### **vii. Subscriber grievance handling**

- Mechanism to monitor grievances lodged with Aggregator branches(NLCCs).
- Entry of the same in CGMS system of CRA.
- Mechanism to monitor complaints lodged in CGMS in CRA against Aggregator.
- Maintenance of complaints register
- Redressal mechanism for grievances registered against the Aggregator
- Verification of subscriber grievance register and email id
- Internal control for verification of complaints received through the designated email –id

#### **viii. Maintenance of Books of Accounts**

Prescribed books of accounts, registers and records are maintained, with the required details and for the stipulated period as per regulatory requirement

#### **PFRDA and CRA references:**

<b>S No</b>	<b>Subject matter</b>	<b>Reference</b>
1	NPS Subscriber Service Request management and risk management systems	Aggregator operations manual issued by CRA, PFRDA (Aggregators) Regulations, 2015 and 'Guidelines for operational activities to be followed by Aggregators' issued by PFRDA
2	Dealing with subscribers' funds & Anti Money Laundering	PFRDA( Aggregator) Regulations, 2015 and 'Guidelines for operational activities to be followed by

		Aggregators' issued by PFRDA and provisions of PMLA Act, 2002 and rules, notified thereunder
3	Banking and NPS account Operations	PFRDA (Aggregator) Regulations, 2015 and 'Guidelines for operational activities to be followed by Aggregators' issued by PFRDA
4	Management of branches , NLCCs	'Guidelines for operational activities to be followed by Aggregators' issued by PFRDA
5	Investor grievance handling	Subscriber Grievance Regulations, 2015, Circulars and guidance issued by PFRDA, NPS Trust and PFRDA (Aggregator) Regulations, 2015
6	Maintenance of Books of Accounts	PFRDA (Aggregator) Regulations, 2015

## Annexure VI

### AGGREGATORS DATA FOR DURING 2016-17

Group A			
Sr.No	Name of the Aggregator	Location	No. of transactions
1	Aggregator 1	Benguluru	144,609
2	Aggregator 2	Benguluru	34,420
3	Aggregator 3	Benguluru	19,500
4	Aggregator 4	Benguluru	16,897
5	Aggregator 5	Benguluru	3,754
6	Aggregator 6	Benguluru	1,638
Total Transactions			220,818

Group B			
Sr.No	Name of the Aggregator	Location	No. of transactions
1	Aggregator 1	Delhi	21,766
2	Aggregator 2	Delhi	1,807
3	Aggregator 3	Gurgaon	858
4	Aggregator 4	Rohtak (Haryana)	842
Total Transactions			25,273

Group C			
Sr.No	Name of the Aggregator	Location	No. of transactions
1	Aggregator 1	Chennai	2,460
2	Aggregator 2	Dharmasthala (karnataka)	55,743
3	Aggregator 3	Thrissur (Kerala)	10,882
4	Aggregator 4	Thrissur (Kerala)	3,029
Total Transactions			72,114

Group D			
Sr.No	Name of the Aggregator	Location	No. of transactions
1	Aggregator 1	Guwahati (Assam)	1,553
2	Aggregator 2	Kolkata	59,093
3	Aggregator 3	Kolkata	1,623
4	Aggregator 4	Varanasi	25,426
Total Transactions			87,695

<b>Group E</b>			
<b>Sr.No</b>	<b>Name of the Aggregator</b>	<b>Location</b>	<b>No. of transactions</b>
1	Aggregator 1	Mumbai	321,061
2	Aggregator 2	Mumbai	1,553
3	Aggregator 3	Pune	1,276
4	Aggregator 4	Bhopal	1,016
5	Aggregator 5	Nizamabad (Telangana)	1,950
6	Aggregator 6	Ahmedabad	65,504
7	Aggregator 7	Ahmedabad	605
<b>Total Transactions</b>			<b>392,965</b>

**Note:** 1.The name of Aggregators shall be shared with the successful bidder of the respective group.