



पेंशन निधि विनियामक और  
विकास प्राधिकरण

बी-14/ए, छत्रपति शिवाजी भवन,  
कुतुब संस्थागत क्षेत्र,  
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**PENSION FUND REGULATORY  
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**Circular**

File No: PFRDA/02/05/104/0001/2017-RnS-POPs

15<sup>th</sup> September, 2017

To,

**All Point of Presence (PoPs), PoP-SP, PoP-SE, & PoP-Corporate.**

**Subject : Guidelines for Operational Activities - to be followed by Point of Presence (PoPs), PoP-SP, PoP-SE, & PoP-Corporate.**

In exercise to the powers conferred under chapter III of Pension Fund Regulatory and Development Authority (Points of Presence), Regulations, 2015, following new guidelines are being issued in continuation of earlier guideline dated 06.04.2016 for compliance by all Points of Presence (POPs), hereafter referred as POP, Points of Presence- Service Provider (POP-SP), hereafter referred as POP-SP, Point of Presence – Sub Entity (POP-SE), hereafter referred to as POP-SE, and Points of Presence-Corporate hereafter referred as PoP-Corporate. The guidelines may be modified by the Authority from time to time depending upon the service requirements. These guidelines shall be effective from 1st October, 2017.

- **Guidelines to be followed by Points of Presence (POP), Points of Presence- Service Provider (POP-SP) and Points of Presence – Sub Entity (POP-SE)**

The detailed guidelines covering following points are enclosed alongwith this circular.

- A. Service Standards for POP including POP-SP & POP – SE.
- B. Standard Operating Procedures.
- C. Other Functions.
- D. Reports and Disclosures.
- E. Audit of NPS related activities.
- F. Redressal of grievances.
- G. Other Rules and Regulations.

- **Guidelines to be followed by Points of Presence- Corporate.**

The detailed guidelines covering following points are enclosed alongwith this circular.

- A. Service Standards for POP-Corporate.
- B. Standard Operating Procedures.
- C. Reports and Disclosures:
- D. Audit of NPS related activities:
- E. Redressal of grievances:
- F. Other Rules and Regulations:

All entities have to follow the Pension Fund Regulatory and Development Authority (Points of Presence), Regulations, 2015 and operational guidelines issued by the Authority.

Venkateswarlu Peri  
(Chief General Manager)

**Date: 15<sup>th</sup> September, 2017**

## **Guidelines for Operational Activities - to be followed by Points of Presence- Corporate**

In exercise to the powers conferred under chapter III of Pension Fund Regulatory and Development Authority (Points of Presence), Regulations, 2015, , following new guidelines are being issued in continuation of earlier guideline dated 06.04.2016 for compliance by all Point of Presence – Corporate (POP – Corporate), hereafter referred to as POP – Corporate. The guidelines may be modified by the Authority from time to time depending upon the service requirements. These guidelines shall be effective from 1<sup>st</sup> October, 2017.

### **A. Service Standards for POP-Corporate**

1. POP- Corporate shall follow the ‘Service Standards’ as provided under Schedule I, for providing the functions relating to registration of subscribers (own employees & directors only), undertaking Know Your Customer (KYC) verification, receiving contributions and instructions from subscribers and transmission of the same to designated NPS intermediaries.
2. POP - Corporate shall provide services related to subsequent transactions and other services like Switch/Scheme preference change (if any), change in personal details, shifting of POP etc. in accordance with Schedule I.
3. POP - Corporate shall upload the grievances received from prospective and existing NPS subscribers into the Central Grievances Management System (CGMS) provided by CRA and shall resolve the grievance within time limit specified by the Authority under Schedule I.
4. In case of any delay or violation in the Service Standards as prescribed under Schedule I in respect of prospective/ existing NPS subscriber, the POP- Corporate shall be liable to compensate the loss to the subscriber as provided under Section 40 of the PFRDA (POP) Regulations, 2015.

### **B. Standard Operating Procedures:**

1. POP-Corporate shall adhere to the Standard operating Procedures (SOPs) provided by the Central Record Keeping Agency (CRA) in regard to the operational activities and step by step procedure to be followed by the POP - Corporate in the registration & servicing of the NPS subscribers and for interfacing with CRA & other intermediaries.
2. The POP - Corporate shall —adhere to the SOPs and follow the steps given for the guidance for each of the activities performed during registration and servicing of the NPS subscribers.

### C. Reports and Disclosures:

1. The POP-Corporate shall submit following reports :

- i. Quarterly exception MIS report on grievances & exit : **(Annexure 2)**.
- ii. Quarterly compliance certificate **(Annexure 3)** - To be submitted by POP-Corporate to NPS Trust within 15 days from the quarter ending.
- iii. Half yearly compliance certificate **(Annexure 4)**.- To be submitted by POP-Corporate to NPS Trust within 15 days from the half year ending.
- iv. Annual Certificate : **(Annexure 5)** - It should be submitted to PFRDA-Regulations department on or before 31<sup>st</sup> October each year
- v. Details of NPS Contributions held in the account maintained as 'NPS Collection Account'. **(Annexure 6)**- Details of cash held in the account maintained in 'Collection Account' held by the name of National Pension System Trust at the end of financial year i.e. 31st March of each year, certified by the Compliance Officer and an External Auditor and should be submitted to NPS Trust on or before 30th April each year.
- vi. Any other reports/MIS as specified in PFRDA (POP) Regulations, 2015 and decided time to time..

**D. Audit of NPS related activities:** POP-Corporate has to submit audit report on the audit conducted by an external auditor including the auditor conducting the audit of accounts for the corporate and of various NPS related as specified in enclosed Audit matrix (yearly) and shall submit audit report to NPS Trust. NPS Trust may also conduct independent audit of POP as per power mandated under PFRDA (POP) Regulations, 2015. In exercise of powers conferred under chapter IV of regulations, the Authority may if it considers necessary at any time, undertake directly or through its authorized representative an inspection and audit of any POP-Corporate.

### E. Redressal of grievances:

- i. PoP-Corporate should constitute an appropriate Grievance Redressal Mechanism with reference to **PFRDA (Redressal of subscriber grievance) Regulations, 2015** internally for redressing complaints about the services rendered to NPS subscribers. The name and telephone number of the designated Grievance Redressal officer of the 'PoP-Corporate' should be made available to the subscriber. The designated officer should ensure that grievances of subscribers are redressed properly.
- ii. If a customer feels that his complaint has not been satisfactorily addressed, he/she will have the option to approach the 'Compliance Officer' of the concerned PoP for redressal of his/her grievance/s.

**F. Other Rules and Regulations:** All entities have to follow all the regulations of Pension Fund Regulatory and Development Authority (Points of Presence), Regulations, 2015 and comply the terms and conditions as specified in the regulations in addition to details mentioned above.

**Service Level Standards by Points of Presence- Corporate (POP-Corporate) only**

S. No.	Parameters	Types of Activities	Service Requirements	Turn Around Time	Compensation payable in case of default on service requirements and standards
1.	Collection/Verification & delivery of the common subscriber registration form (CSRF 1) filled by the applicant & documents	PoP-Corporate to carry out checks as prescribed in Standard Operating Procedures for PoP KYC Verification.	Checking the correctness of forms and requirement of KYC before forwarding to CRA-FC, deliver Subscriber Registration Form and supporting documents to CRA/CRA-FC within time frame.	POP Corporate shall deliver subscriber registration form and supporting documents to CRA/CRA-FC with T+7. Where T is the date of receipt of complete corporate subscriber registration form.	
2.	NPS Contribution remittance to Trustee Bank account	Collection of contributions ( initial/subsequent )		POP-Corporate have to upload/remit NPS contributions on T or T+1	For each day of delay the POP-Corporate shall pay Rs 10 or the bank rate + 2% of the contribution amount whichever higher to the subscriber.

## Schedule I

				basis where T is date of NPS deductions from the salary	(This amount should be credited to the subscriber's PRAN.).
3	Upload of Subscriber Contribution File (SCF) to CRA	Preparation and Upload the Subscriber Contribution File (SCF) to CRA	The PoP-Corporate shall prepare and upload SCF into CRA system simultaneously after processing the subscriber's contributions and before remitting funds to Trustee Bank. ( Standard operating process related to this active should be followed )	T,  where T is the date of Salary Payment	For each day of delay at POP_Corporate level, the POP_Corporate shall pay Rs 10 or the bank rate + 2% of the contribution amount whichever higher to the subscriber.  (This amount should be credited to the subscriber's PRAN.)
4	Other activities	A).Switch/Scheme preference change B). Exit/Withdrawal Claims C). Change Requests- I- PIN/T-Pin, PRAN card/Change in personal details etc, D). Shifting of Subscriber	Subscriber request to be uploaded into the CRA system by PoP-Corporate	Maximum T + 1 basis,  where T is the date of receipt of request	For each day of delay or wrong processing at POP-Corporate level, the POP-Corporate shall pay Rs 10 per day.  (This amount should be credited to the subscriber's PRAN.)

## Schedule I

5	Redressal of Grievances	Grievances received from NPS subscribers and prospective NPS subscribers.	Subscriber request shall be uploaded into the CGMS system of CRA by PoP-SP/PoP. POP/POP-SE shall resolve the grievance pertaining to entity themselves within the time limit prescribed in Pension Fund Regulatory & Development authority ( Redressal of subscriber grievance ) Regulations,2015 and escalation matrix of CGMS system.	As provided under POP Grievance policy approved by Board of POP, Grievance Policy of NPS Trust and PFRDA, (Redressal of subscriber grievance) Regulations, 2015 as may be applicable	As per PFRDA (Redressal of Subscriber Grievance) Regulations, 2015
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## Annexure 2

Quarterly MIS Report

(To be submitted by POP-Corporate to NPS Trust, in physical form)

Grievances in CGMS					
No. of grievances pending against the PoP as on last day of the previous month	No. of grievances received during the month	No. of grievances resolved during the month	Reasons for not resolving grievances during the month	No. of grievances outstanding for more than 30 days in CGMS	Reason for grievances outstanding beyond 30 days

Exit claims			
Online withdrawal request initiated on or after 01.04.2016			
No. of withdrawal requests received during the month	No. of withdrawal requests authorized in the CRA system during the month	No. of pending withdrawal requests at the end of the month	Major Reasons for pending claims
Online claims initiated on or after 01.04.2016 where physical documents yet to be submitted to CRA for record keeping			
No. of cases as on last day of the month in which physical documents yet to be submitted		Major reasons for non-submission of documents	



## Annexure 3

### QUARTARLY COMPLIANCE CERTIFICATE (For the quarter ended.....)

(To be submitted by POP-Corporate to NPS Trust within 15 days from the quarter ending on the letter head of the POP-Corporate, in physical form)

I hereby state and certify that all the contributions received/deducted from the NPS subscribers during the period from \_\_\_\_\_ to \_\_\_\_\_ have been accounted for and transferred to the designated account of the NPS Trust as per timeframe specified by PFRDA in the "Guidelines for operational Activities to be followed by POP-Corporate" and there are no contributions received from subscribers are lying with us, beyond timelines.

Exceptions to the above have been specified in the separate annexure attached.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I hereby state and certify that NPS applications received from employee/directors have been submitted to CRA for issuance of PRAN.

Signature of the Compliance officer along with Office Seal.

Name of Compliance officer:

E-Mail Id

Place:

**HALF YEARLY COMPLIANCE CERTIFICATE (For the half year ended.....)**

		Yes	No	Remarks if any
1.	Whether Proof of Identity, Proof of Address and other stipulated KYC documents as per guidelines of PFRDA are being obtained for opening of NPS accounts?	Y	N	
2.	Whether registration form & copies of all the documents signed and submitted by NPS subscriber are being sent to CRA / CRA-FC?	Y	N	
3	Whether the Point of Presence has prominently displayed necessary information on NPS KYC documents on notice board, their web site and publicity materials?	Y	N	
4	Whether all remittances to Trustee Bank are being made as per guidelines	Y	N	
5	Whether all the grievances lodged under CGMS in the CRA system are being checked for resolution?	Y	N	
6	Whether all grievances are being resolved within the time frame provided in the PFRDA (Redressal of Subscriber Grievance) Regulations, 2015?	Y	N	
7	Whether requests for changes in subscribers' profile and other details carried out as per prescribed time lines as mentioned in service standards/ guidelines of PFRDA?	Y	N	
8	Whether all the withdrawal request received at the office are being processed as per prescribed time lines mentioned in service standard/guidelines?	Y	N	
9	Whether the beneficiaries/legal heirs/nominees are being duly informed about additional documents demanded by CRA/NPS Trust for settlement of pending claims.	Y	N	
10	Whether, in case withdrawal claim rejected by CRA, the subscriber/claimants are being contacted for information and additional documents, if any required?	Y	N	

Signature of the Compliance officer along with Office Seal.

Name of Compliance officer:

E-Mail Id

Place:

## Annual Certificate

Regarding the continued validity of the registration granted by the  
Authority (To be submitted to the Regulation Department. PFRDA,  
annually)

We have examined the relevant books of accounts, records and documents maintained by M/s. \_\_\_\_\_, (name of the Point of Presence (POP)- Corporate) bearing PFRDA registration number \_\_\_\_\_ under the National Pension System to fulfill the fit and proper person criteria or eligibility criteria for acting as a Point of Presence as required under the PFRDA Point of Presence Regulations, 2015 as on 31<sup>st</sup> March, 20\_\_\_\_.

Based on the scrutiny of relevant books of accounts, records and documents, we certify that the.....(Point of Presence- Corporate ) is in compliance with the provision pertaining to “meeting the eligibility criteria and other requirements specified in the POP regulations throughout the tenure of such certificate so granted” under Clause 10 (d) of the PFRDA (Point of Presence) Regulations, 2015 and in compliance of the relevant provisions of PFRDA Act, 2013. The details are as given below:

Sr. no	Check Point	Yes & details thereof	No
1	A Central or State Public Sector Undertaking or a Public sector undertaking registered under any of the Central or State Acts or any other entity, organization or company not falling as mentioned above with a minimum employee strength of three hundred as on the date of making application to the Authority		
2	Having Information Technology infrastructure and capacity to electronically link to the Central Record Keeping Agency(CRA) approved by the Authority.		
3	Change in the constitution of the company and its promoters/directors during the FY: .....		
4	Any offence involving moral turpitude, economic offence, violation of any securities or banking law or fraud reporting during the FY: .....		

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 above report provided by us, subject to our observations, is true and correct.

-----  
Chartered Accountant

(Seal & Signature)

(Name of the Proprietor / Partner)

Membership no. / CP. No.

Place:-

Date:-

Counter signed by Compliance officer of the Point of Presence- Corporate

Name of Compliance officer of the Point of Presence-Corporate:

E-mail Id:

Contact No.:

**Annexure-6**

**Details of NPS Contributions held in the account maintained as 'NPS Collection Account'.**

**(To be submitted on Annual Basis)**

**Section 1 - Details of Balance Outstanding as on 31<sup>st</sup> March, 20..**

<b>S.No.</b>	<b>Name of Point of Presence (POP)</b>	<b>Bank account number being maintained for NPS Contributions</b>	<b>Name of the Bank</b>	<b>Name of the Account held by Point of Presence</b>	<b>*Balance outstanding in the account as on 31<sup>st</sup> March, 20...</b>	<b>Balance held for number of subscribers</b>

External Auditor

(Seal & Signature)

(Name of the Proprietor/ Partner)

Membership no. / CP. No.

Place:-

Date:-

Counter signed by Compliance officer of the Point of Presence  
Corporate

Name of Compliance officer of the Point of Presence:

E-mail Id:

Contact No.:

To

All Point of Presence (POP)- Corporate ,

**Sub: Internal Audit of Point of Presence (POP)-Corporate under National Pension System (NPS)**

As you are aware, the PFRDA Act, 2013 has become effective from 01/02/2014 and the Point of Presence (POP) Regulations, 2015 have been notified on 04/03/2015. In continuation of the same and in terms of the Point of Presence Regulations, 2015, the earlier set of guideline is being replaced with this circular providing for the audit of accounts of the Point of Presence (POP)-Corporate as given below:

1. All the Points of Presence (POP)-Corporate registered with the Authority (PFRDA) are required to get the annual accounts and processes audited on yearly basis by an independent external chartered accountant (which may include those chartered accountants who audit the *half yearly/* annual accounts of the Point of Presence (POP)-Corporate) and such audit reports shall be submitted to the Authority within 3 months from the date of closure of the accounts.
2. The first such audit report should be for the period *April 1, 2016 to Mar 31, 2017*.
3. The scope of such audit shall cover interalia, the existence, scope and efficiency of the internal control system, compliance with the provisions of the PFRDA Act, 2013, PFRDA Point of Presence (POP) Regulations, 2015 and circulars issued by PFRDA, agreements, KYC requirements and data security in respect of the operations of such Point of Presence-Corporate.
4. All the Point of Presence-Corporate must maintain the books of accounts as stipulated in the regulations *and/or* as per the guidelines, circulars, notifications etc issued by the Authority from time to time on the subject matter.
5. Please find enclosed herewith format of Internal Audit certificate as Annexure I, format of Internal Audit Report and revised guidelines as Annexure II, list of Indicative Processes and reference of PFRDA circulars as Annexure III and actions for non-compliance as Annexure IV.

The internal audit reports should be submitted by the Point of Presence (POP)-Corporate to NPS Trust and same shall be reviewed by Authority and appropriate course of action would be pursued in cases where reports are not as per the requirements.

All Points of Presence (POP)-Corporate are advised to ensure compliance with the above.

Sd/-

**(Venkateswarlu Peri)**  
Chief General Manager

**Annexure I****CERTIFICATE FOR INTERNAL AUDIT**

We have examined the relevant books of accounts, records and documents maintained by M/s. \_\_\_\_\_, (name of the Point of Presence (POP)-Corporate ) bearing PFRDA registration number \_\_\_\_\_ under the National Pension System and to fulfill the internal audit requirement as prescribed by PFRDA Point of Presence Regulations, 2015 and guidelines issued there under for the year ended\_\_\_\_\_.

The purpose of this Audit is to examine that the processes, procedures followed and the operations carried out by the PoP-Corporate are as per the applicable Acts, Rules, Regulations, By-laws and Circulars prescribed by PFRDA and the notifications, circulars, guidelines etc issued there under.

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 Internal Audit. In our opinion proper books of accounts, records and documents, as per the regulatory requirement have been maintained by the Point of Presence (POP)-Corporate.

We have conducted the audit within the framework provided by PFRDA for the purpose of this Internal 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-Corporate is observed during the course of this Audit.

Based on the scrutiny of relevant books of accounts, records and documents, we certify that the Point of Presence has complied with the relevant provisions of PFRDA Act, 2013, PFRDA (Point of Presence) Regulations, 2015 (Chapter IV, Regulations 22-27) and various circulars of PFRDA.

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 internal audit of the said Point of Presence (POP)-Corporate.

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, is true and correct.

\_\_\_\_\_  
Chartered Accountant  
(Seal & Signature)

(Name of the Proprietor / Partner)  
Membership no. / CP. No.

Place:-  
Date:-

**Annexure II****Guidelines and format of Internal Audit Report specifying the minimum scope to be covered.**

<b>Sr. no.</b>	<b>Particulars</b>	<b>Comments of internal auditor (whether Point of Presence has complied with?)</b>	<b>Remarks of internal auditor (In case non compliance observed)</b>	<b>Sample Size</b>
<b>A</b>	<b>NPS subscriber registration documentation / Anti Money Laundering compliance</b>			
1	Whether the applicants are contacted and contribution money (including processing fees and taxes deducted upfront), documents submitted by him/her are returned and the reasons for rejection as provided by the CRA are forwarded to the applicant by POP-SP?	Yes/No/NA		25 subscribers or 100% whichever is lower
2	Whether proper systems are in place to ensure timely subscription collection and issuance of acknowledgement in lieu of the receipt of subscriptions from the subscriber before MIS formats are uploaded into the CRA system?	Yes/No/NA		25 subscribers or 100% whichever is lower
<b>B</b>	<b>Subscriber Servicing and risk management systems</b>			
1	Whether change in address, bank account or any other subscriber request is carried out on receipt of written request along with documentary proof from the respective subscriber?	Yes/No/NA		Audit Period
2	Whether mandatory MIS is being uploaded into the CRA system on daily/Monthly basis as is required	Yes/No/NA		25 subscribers or 100% whichever is lower
3	The requests for subscriber maintenance have been processed within the stipulated timelines	Yes/No/NA		25 subscribers or 100% whichever is lower

C	Dealing with subscribers' funds			
1	Whether internal controls are in place to link the bank-ledger and the acknowledgement receipt	Yes/No/NA		25 subscribers or 100% whichever is lower
2	Initial Contribution (as applicable) has been collected along with the subscriber registration form.  Reversal of such contribution on T+1 basis where T is date of intimation of PRAN generated by CRA.	Yes/No/NA		25 subscribers or 100% whichever is lower
3	Whether no cash dealings with subscribers are done in violation of the prescribed norms (Collection of copy of PAN for amounts exceeding Rs.50000/-) for non subscribers (if already not submitted).	Yes/No/NA		Audit period
4	Receipt is provided to the subscriber for the contribution amount.	Yes/No/NA		Audit period
5	Whether subscriber contribution file (SCF) is uploaded on T+1 and clear funds are transferred to Trustee Bank within T + 1 day where T is the day when clear funds are available on account of subscriber?	Yes/No/NA		Audit period
6	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



7	Whether the PoP maintains separate designated accounted by the name of 'PoP - Name of the PoP - collection account - National Pension System Trust' and all activities including depositing of subscriber contribution are routed through that designated account for NPS-subscriber funds and own funds?	Yes/No/NA		Audit Period
8	Whether any additional amount towards admin fee, processing fee etc is charged by PoP or PoP-SEs engaged by them from the subscriber?	Yes/No/NA		Audit Period
9	Whether the PoP has maintained audit trail right from collection of subscription to its upload/remittance to the CRA/TB at all levels of operations- PoP-SPs & PoP-SEs for all its branches/employees/clients and reconciliation of SCF uploaded and fund transfer?	Yes/No/NA		Audit Period
D	NPS subscriber grievance handling			
No. of Complaints / Grievances			Remarks	
1	Number of NPS subscriber complaints pending at the beginning of half year, including CGMS of CRA.			
2	Number of subscriber complaints received during half year, including CGMS of CRA.			
3	Number of subscriber complaints resolved during half year, including CGMS of CRA.			
4	Number of subscriber complaints pending as on the last day of half year, including CGMS of CRA.			
5	Comment on investor grievance handling mechanism of the Point of Presence, including CGMS of CRA.			

6	Summary on nature of complaints received and action taken by the Point of Presence.			
7	What is the duration of the longest pending subscriber complaint?			
		<b>Comments of Internal Auditor (whether PoP has complied with?)</b>	<b>Remarks of Internal Auditor (In case of non compliance observed)</b>	<b>Sample Size</b>
8	The grievances are entered in the CGMS as per stipulated timelines, if not lodged in CGMS system by the subscriber and received at POP directly.	Yes/No/NA		Audit Period
9	The grievances raised against the POP/POP-SP are resolved within the timelines specified by PFRDA, including CGMS of CRA.	Yes/No/NA		Audit Period
10	Whether designated email id for NPS subscriber grievance is created and informed to the CRA and displayed on the website of the Point of Presence?	Yes/No/NA		Audit Period
11	Whether complaints received on the designated email ID are being looked into to address the same?	Yes/No/NA		Audit Period
12	Whether the Point of Presence has taken adequate steps for redressal of grievances within one month from the date of receipt of complaint?	Yes/No/NA		Audit period
13	Whether the Point of Presence has informed the NPS Trust and the subscriber about the actions taken for the Redressal of grievances of the NPS subscriber?	Yes/No/NA		Audit period

E	<b>Whether prescribed books of accounts, registers and records are maintained with the required details and for the stipulated period as per regulatory requirement.</b>			
1	A print copy of Acknowledgement and soft copy of the CSF (Contribution Submission Form) uploaded to CRA system?	Yes/No/NA		Audit period
2	pay-in / pay out was received from / made to account from the respective subscriber for arriving at the clear funds and systems are in place to ensure compliance in this regard by the Point of Presence?	Yes/No/NA		Audit period
3	All quarterly compliance certificates are checked and found correct	Yes/No/NA		Audit period
4	A dedicated electronic mail id, for receiving subscribers' grievances?	Yes/No/NA		Audit period
F	<b>Withdrawal/ Partial Withdrawals</b>			
1	It is ensured that the withdrawal requests are provided by the subscribers/claimants in the format as prescribed by PFRDA	Yes/No/NA		Audit period
2	The signature of the subscriber is verified with the records for processing the withdrawal request	Yes/No/NA		Audit period
3	Supporting documents (as prescribed by PFRDA from time to time) are obtained from the subscriber/claimant.	Yes/No/NA		Audit period
4	In case where the withdrawal claim has been rejected at CRA, 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		Audit period

G	Comments of the auditor on any other area (Give details of the comments)			

**Signature of the Auditor:** \_\_\_\_\_

**Name of the Auditor** : \_\_\_\_\_

**Membership No** : \_\_\_\_\_

**Stamp of the Audit Firm:** \_\_\_\_\_

Date:

Place:

### **Points to be noted:**

The guidelines prescribed hereunder do not limit the scope of the internal audit. The points mentioned are only indicative in nature and not exhaustive. It however, does not limit the scope of the internal audit. This has been prepared based on the regulatory requirement (as per relevant acts, rules, 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.

### **H Management comments**

**i.** In case of any non-compliances/findings/observations/qualifications by the auditor the management responses should be given to the authority against each point. Further para wise comments are required to be given by the management as given in the format above.

**ii.** The Point of Presence-Corporate to mention the date on which the report has been presented to the Board/Management/Audit Committee/Proprietor 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 .

**iii.** Improvements brought about in the operations between the last audit and the current audit.

**iv.** 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 internal audit of the said Point of Presence.

**v.** 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.

**vi.** 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 Internal Audit Report.

**vii.** 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.

**viii.** The internal audit report should be submitted to PFRDA by the Point of Presence as per the report format specified above along with the management comments wherever non-compliance/adverse remarks are made by the auditors.

**ix.** In case where internal 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 internal audit report. PFRDA reserves the right to advise 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.

**x.** 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.

**Annexure III****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-Corporate for verification of KYC before opening NPS account.
  - c. Procedure followed by the PoP-Corporate 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 for in person verification of subscribers.
  - e. Customer acceptance policy and customer due diligence measures.
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 NPS account and operations facility.
    1. Procedure followed for allotting of user id and password, change of password etc.
    2. Internal controls for online NPS account access and usage.
  - d. 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**
  - a. Procedure for ensuring that receipts and payment of funds are from/to respective subscriber only.
  - b. Verification of following books of accounts/records
    - i. Register of contributions received .
    - 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)-Corporate.
    - v. Bank Book.
4. **Banking and NPS account operations**
  - a. Procedure for segregation of own and NPS subscribers' funds (in separate accounts).
  - b. Internal controls for use of subscriber bank and subscriber NPS accounts only for authorized purposes.

**5. Subscriber grievance handling**

Mechanism to monitor complaints lodged with POP-Corporate.

Entry of the same in CGMS system of CRA.

Mechanism to monitor complaints lodged in CGMS in CRA against POP-Corporate.

Maintenance of complaints register.

Redressal mechanism for complaints registered against the PoP-Corporate.

Verification of subscriber grievance register and email id.

Internal control for verification of complaints received through the designated email –id

**6. 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:**

SL NO	Subject matter	Reference
1	Subscriber registration and documentation/Anti Money Laundering Compliance	NPS Subscriber registration form including instructions thereof, POP operations manual issued by CRA and PFRDA (Point of Presence) Regulations, 2015
2	NPS Subscriber Service Request management and risk management systems	PoP guidelines for operational activities, POP operations manual issued by CRA and PFRDA (Point of Presence) Regulations, 2015
3	Dealing with subscribers' funds and securities	PoP guidelines for operational activities and PFRDA Point of Presence Regulations, 2015
4	Banking and NPS account operations	PoP guidelines for operational activities, POP operations manual issued by CRA and PFRDA Point of Presence Regulations, 2015
5	Management of branches /Sub Entity and internal control	Agreement with CRA and PoP guidelines for operational activities
6	Investor grievance handling	Subscriber Grievance Regulations, 2015, Circulars and guidance issued by PFRDA, NPS Trust and PFRDA (Point of Presence) Regulations, 2015
7	Maintenance of Books of Accounts	PFRDA (Point of Presence) Regulations, 2015



**Annexure IV****ACTIONS FOR NON-COMPLIANCE**

All Point of Presence (POPs) are required to ensure that they submit the internal audit report in the prescribed format as per Annexure I and Annexure-II within 3 months from the date of closure of the accounts (Half yearly or annual as the case may be) in order to avoid any late / non-submission charges / disciplinary actions.

The following late submission charges/ disciplinary actions would be initiated by the Authority against the Point of Presence (POP) for non-compliance of these directions:

<b>PARTICULARS</b>	<b>ACTION</b>
Non submission of internal audit report to the Authority within 3 month from the the due date of submission of the report	Charges of Rs.1000/- per month after due date till the 3rd month or date of submission of report, whichever is earlier
Non submission of internal audit report to the Authority for more than 3 months from the due date of submission report.	Charges of Rs.2000/- per month from the end of 3 months from the due date of the till the date of submission of report
Non submission of Internal Audit Report to the Authority beyond 6 months from the due date of submission of the report	Disciplinary action as may be decided by the relevant authority which may also include withdrawal of trading facility.

The Point of Presence (POPs) are required to mandatorily submit internal audit reports in the physical form. Further, submission of documents not in the prescribed formats would be construed as non-submission of the said document and non-submission charges would be levied accordingly.

It may also be noted that for non-compliances/ violations reported by the Internal Auditors in their reports along with the management acceptance of the auditor findings, actions shall be initiated by the Authority.