

Format of Audit Report specifying the minimum scope to be covered

S. No.	Particulars	Comments of auditor (whether PoP has complied with?)	Remarks of auditor (In case of non-compliance observed)	Management comments in case of deviations	Auditors Remarks against Management comments
A. APY subscriber registration documentation/Anti Money Laundering Compliance/Risk management systems					
1.	Whether PoP-APY is holding a valid certificate of registration from PFRDA?	Yes/No/NA			
2.	Whether PoP-APY has ensured that all APY subscribers are in the age group of 18-40 years at the time of joining the APY Scheme?	Yes/No/NA			
3.	Whether the PoP-APY ensures that only non-income tax payers are joining the scheme as per the guidelines issued by GoI which is based on the self-declaration provided in the Subscriber Registration Form (SRF).	Yes/No/NA			
4.	Whether PoP-APY has ensured all KYC and Customer due diligence (CDD) norms as per PML Act/Rules/ KYC/AML/CFT/ guidelines for APY accounts?	Yes/No/NA			
5.	Whether PoP-APY has issued the KYC/AML/CFT policy as prescribed under KYC/AML/CFT guidelines?	Yes/No/NA			
6.	Whether APY Subscriber Registration Forms (SRFs) are collected and verified as per KYC filled by the applicant, and processed as per the TATs prescribed under Operational Guidelines?	Yes/No/NA			
7.	Whether PoP-APY enters the APY subscriber registration details and other subsequent service requests in the APY module as per the prescribed TATs	Yes/No/NA			

8.	(a) Whether the details entered by the PoP-APY in the APY module and CRA portal for subscriber registration and subsequent service requests are accurately matched with the information provided in the Subscriber Registration Form (SRF) and the respective request forms?	Yes/No/NA			
	(b) In cases where discrepancies are observed in the details, what corrective measures have been undertaken by the PoP?				
9.	Whether the acknowledgement slip / receipt with unique number / PRAN along with receipt date and stamp/signature for acceptance of Subscriber Registration Form and initial contribution has been provided to subscriber(s) and whether record of all such acknowledgement receipts is being maintained by PoP-APY?	Yes/No/NA			
10.	Whether PoP-APY or branches of PoP-APY are storing and maintaining proper records of subscriber registration form after opening of APY account?	Yes/No/NA			
11.	Whether PoP-APY has system and procedures put in place to ensure that no multiple APY accounts are opened for the individual subscriber?	Yes/No/NA			
12.	Whether PoP APY has ensured timely communication of PRAN to subscribers in written and confidential manner?	Yes/No/NA			
B. Contribution Processing					
1.	Whether initial contribution is deducted after activation/ generation of the PRAN as per the prescribed timeline/TAT in the operational guidelines?	Yes/No/NA			
2.	Whether internal controls are in place for collection of funds?	Yes/No/NA			

3.	(a) Whether debit cycle is run by PoP-APY for subsequent contributions as detailed in the operational guidelines?	Yes/No/NA			
	(b) Whether, in cases where the debit cycle is not executed as specified despite sufficient balance being available in the subscriber's savings bank account, the PoP bears the applicable Overdue Interest (ODI) and ensures that the same is not recovered from the subscriber?	Yes/No/NA			
4.	(a) Whether the PoP has strengthened its system to ensure that it first attempts to debit all due/pending periodic contributions where sufficient balance is available?	Yes/No/NA			
	(b) Whether, in cases of insufficient balance, the system attempts to recover the maximum possible periodic contribution amount based on the available balance, on a sequential FIFO (First-In-First-Out) basis?	Yes/No/NA			
5.	Whether the PoP ensures that, in all cases (including NIL credit PRANs), due contributions are deducted from the subscriber's savings bank account wherever sufficient balance is available, in accordance with the prescribed operational guidelines, as verified from the bank statements?	Yes/No/NA			
6.	Whether the SCF upload and fund remittance by the PoP-APY are as per the prescribed TATs of operational guidelines?	Yes/No/NA			
7.	Whether compensation is being paid by the POP- APY in case of all delayed transactions as per the rates prescribed under operational guidelines?	Yes/No/NA			
8.	Whether subscribers' funds are processed and remitted to Trustee Bank or refunded to subscriber? In case, the funds are not being remitted to system despite collection from subscriber without any justifiable reason, such instances to be provided.	Yes/No/NA			

9.	Whether any additional amount towards admin fee, processing fee etc. is charged from the subscriber by PoP-APY or facilitators / BCs / Pension Agent any other service providers as engaged by PoP?	Yes/No/NA			
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C. Service Requests

1.	Whether the service requests are being processed as per prescribed TATs under operational guidelines?	Yes/No/NA			
2.	Whether PoP-APY has conducted the due-diligence during the processing of subscribers change request with respect to KYC details (Name, DoB, Address, Mobile number), and also ensured that the change in KYC details is first being carried out in the KYC of saving bank account?	Yes/No/NA			
3.	Whether the acknowledgement slip / receipt with unique number along with receipt date and stamp/signature for subscribers' request(s) has been provided to subscriber(s)?	Yes/No/NA			

D. APY Subscriber Grievance handling

1.	Number of APY subscriber complaints / grievances pending for more than 30 days in CGMS at CRA portal as on 31 st March ____.	No. of pending grievances: Remarks (if any):			
2.	Whether the directly received grievances in respect of APY by the POP-APY are being lodged under the CGMS?	Yes/No/NA			
3.	Whether all grievances in CGMS at CRA portal are being resolved within the time frame provided in Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015 (as amended)?	Yes/No/NA			
4.	Whether the name, e-mail IDs and telephone number/s of the designated Grievance Redressal Officer (GRO) and the escalation matrix prescribed under PFRDA (Redressal of Subscriber Grievance) Regulations, 2015 and	Yes/No/NA			

	amendments thereof are made public through display on website preferably and/or at branches?				
5.	Whether the PoP has reported the quality of grievance resolution observed by the top management to the Board of PoP?	Yes/No/NA			
E. Exit					
1.	Number of pending exit requests at the level of the PoP-APY as on 31 st March ____.	No. of pending requests:			
		Remarks (if any):			
2.	Whether the exit requests are processed by the PoP- APY as per the TATs prescribed under Operational Guidelines?	Yes/No/NA			
3.	Whether the PoP is able to generate the exit pending report from the CBS/Back-office IT system for the purpose of uploading exit requests into the CRA portal after execution of exit in the CBS?	Yes/No/NA			
4.	Whether all exits executed in the CBS have been duly uploaded to the CRA portal?	Yes/No/NA			
5.	Whether the exit requests are provided by the subscribers/claimants in the format as prescribed by the Authority and also processed by the PoP-APY as per the KYC/AML/CFT guidelines?	Yes/No/NA			
6.	Whether acknowledgement slip / receipt with unique number along with receipt date and stamp/signature is provided to the subscriber for exit request(s) as per the TATs prescribed under Operational Guidelines?	Yes/No/NA			
7.	Whether the signature of the subscriber is verified with the records for processing the exit requests?	Yes/No/NA			
8.	Whether supporting documents (as prescribed by the Authority from time to time) are obtained from the subscriber/claimant?	Yes/No/NA			
9.	Whether the PoP-APY verifies the authenticity of death certificate before uploading digital copy	Yes/No/NA			

	of exit forms (Death Claim) to the CRA portal for processing of the death claim?				
10.	In case where the exit and withdrawal requests has been rejected at CRA, whether the subscriber / claimants are contacted and reasons for rejection of claim are explained to the subscriber / claimants and requisite rectifications (if any) are carried out by obtaining requisite documents from the subscriber/claimant?	Yes/No/NA			
11.	Whether PoP-APY has ensured that the Exit proceeds are credited to the designated subscriber/claimant saving bank account?	Yes/No/NA			

F. Maintenance of books of accounts, registers and records with the required details and for the stipulated period as per the regulatory requirement

1.	Whether PoP-APY has maintained all books of accounts and record keeping as prescribed under extant of Pension Fund Regulatory and Development Authority (Points of Presence) Regulations, 2018 and amendment thereof and KYC/AML/CFT guidelines?	Yes/No/NA			
2.	Whether the agreement(s) executed by the PoP-APY with the facilitators / BCs / Pension Agent / any other service provider permitted by the PFRDA from time to time, are in conformity and accordance with the Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018 and amendments thereof?	Yes/No/NA			
3.	Whether PoP-APY has formulated an internal policy for engaging Pension Agent(s) with prior approval of its Board.	Yes/No/NA			
4.	Whether PoP-APY has formulated an internal mechanism for periodical review of performance of the Pension Agent(s).	Yes/No/NA			
5.	Whether PoP-APY periodically updates the list of pension agents on its website.	Yes/No/NA			
6.	Whether the activities of the Business Correspondents or Corporate Business Correspondents/any other service provider	Yes/No/NA			

	permitted by the PFRDA from time to time are being monitored by the PoP-APY regularly as per the prescribed TATs?				
7.	Whether the PoP-APY maintains branch-wise audit trail of all transactions processed under APY like - date of receipt of application form/contribution, date of issuance of receipt to the subscriber, date of SCF upload, date of fund remittance to the Trustee Bank, date of receipt of forms at the head office/nodal office, date of receipt and processing of other subscriber related requests etc?	Yes/No/NA			
8.	Whether the record of operational guidelines/circulars/notices/directions/regulations issued by NPS Trust/the Authority from time to time is being maintained by the PoP-APY?	Yes/No/NA			
G. Government Co-contribution					
1.	Whether PoP-APY upon receipt of Government Co- contribution under APY has transferred /credited such amount into the respective saving bank account of the subscriber for the tranches released by the PFRDA for period 2015 to 2022.	Yes/No/NA			
2.	Whether PoP-APY has returned un-utilized funds received as Government Co-contribution which could not be transferred/credited into the respective saving bank account of the APY subscriber due to some reasons and transfer/credit back the same into the account maintained at PFRDA?	Yes/No/NA			
3.	Whether the PoP-APY has maintained the copy of Utilization Certificates submitted to PFRDA for all the tranches released by the PFRDA for period 2015 to 2022?	Yes/No/NA			
4.	Whether the Utilization Certificate submitted by the PoP for period 2015 to 2022 is correct and in order? In case of any discrepancy, the same may be listed and revised UCs to be submitted to PFRDA.	Yes/No/NA			

H. Compliance Reporting					
1.	Whether PoP has submitted the Exception report as per the frequency defined in the operational guidelines?	Yes/No/NA			
2.	Whether Exception report submitted by the POP in previous reporting period to PFRDA are correct?	Yes/No/NA			
3.	Whether the PoP-APY has ensured the compliance of cyber security measures and submitted the reports as prescribed by the Authority from time to time?	Yes/No/NA			
4.	Whether the details of APY related activities undertaken by the facilitators /BCs/Pension Agent / any other service provider permitted by the PFRDA from time to time are included and reported by the PoP in their periodic Exception reporting, as prescribed?	Yes/No/NA			
5.	Whether PFRDA's periodic inspection of the PoP was conducted during the last three FYs.	Yes/No			
6.	If any periodic inspection was conducted during the last three financial years, whether the observations pointed out during such inspections have been duly closed.	Yes/No/NA			
7.	Whether the open observations have been reported to the Auditor for closure purposes, and in case any observation still remains open, the Auditor shall report such open observations, if any, to the Authority.	Yes/No/NA			
I. Other Compliances					
1.	Whether PoP-APY has complied with the Accessibility Standards and Guidelines (for Creating Infrastructure for Persons with Disabilities) for PFRDA-Regulated Intermediaries issued by the Authority?	Yes/No/NA			
2.	Whether PoP-APY is monitoring the transactions and comply with reporting obligations prescribed under KYC/AML/CFT guidelines?	Yes/No/NA			

3.	Whether POP-APY has appointed the compliance officer / Principal Officer/ designated director as prescribed under extant PoP regulations/ KYC/AML/CFT guidelines and also intimated any change in regard to the same to the Authority?	Yes/No/NA			
4.	Whether the PoP-APY is adhering to the provisions of the PFRDA Act, rules and regulations, notifications, circulars, guidelines, directions, advisories etc. issued by / the PFRDA / GoI from time to time for specified activities.	Yes/No/NA			
5.	Whether the Point of Presence (PoP) has reviewed all allotted login IDs and ensured that user IDs of personnel no longer associated with or performing APY operations have been promptly deactivated in coordination with the CRA(s)?	Yes/No/NA			
6.	Whether the PoP has complied with the provisions of the DPDP Act and all other applicable rules and regulations thereunder?	Yes/No/NA			

J. Adherence to Code of Conduct

1.	Whether PoP-APY is adhering to the Code of Conduct as specified under Regulations?	Yes/No/NA			
2.	Whether the PoP-APY has outsourced the activity in accordance with the extant regulation, circular, guidelines, directions, advisories issued by the Authority from time to time?	Yes/No/NA			
3.	Any other matter/s, which you may like to bring to the attention of the management of PoP or Authority may be additionally provided as Annexure.	Yes/No/NA			

I/We confirm to consider the sample size of the entity while conducting the audit for the FY _____ under APY as per the below mentioned categories and Instructions under para B

(b):

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

Note:

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

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

Details of APY collection account maintained by PoP-APY as on 31st March _____

Section 1 – Details of closing balance as on 31st March

S. No.	Bank account Number (A)	Name of the Bank (B)	Name of collection account (C)	Closing Balance as on financial year ended (D)	Out of (D), Balance beyond T+2 (Amount not processed within specified TAT) (E)	Out of (E), Unreconciled balance as on 31 st March..... (F)

Section 2: Ageing report of unreconciled balance as reported under Column F of section 1

Ageing of unreconciled balance as reported under Column F of section B1			
Sl. No	Ageing	Amount	Reason for the unreconciled balance
1	Upto 1 month		
2	More than 1 month and upto 3 months		
3	More than 3 months and upto 6 months		
4	More than 6 months and upto 1 Year		
5	More than 1 Year		

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

INSTRUCTIONS

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

A. Instructions to both Auditor and PoP-APY:

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

B. Instructions to Auditor:

- a) The auditors should clearly indicate 'Yes' indicating Compliance, 'No' indicating Non-compliance and 'NA' wherever 'Not Applicable'.
- b) Sample size indicated in the format of the above Audit Report is minimum sample size. Auditor may determine the optimum sample so as to be able to satisfy himself/ herself about the objectives of the audit. The indicative sample size for relevant category, as applicable to the PoP (as detailed in Enclosure - 1) shall be taken by the auditor.
- c) Auditor shall specifically declare about direct / indirect interest in or relationship with the Point of Presence or its shareholders / directors / partners / proprietors/ management if any and also confirm that they do not perceive any conflict of interest in such relationship / interest while conducting audit of the said Point of Presence.
- d) In case any violations/qualifications/observations are observed by the auditor the same shall be submitted as annexure with complete details and should be quantified specifying the number of instances, value etc. and the evidences should be enclosed with the Audit Report.
- e) Membership number allotted by the affiliated professional body should be quoted at the bottom of the report as provided in the format of the Audit Report.
- f) Each page of the report shall be signed and stamped by the auditor/ e-signed.

C. Instructions to PoP:

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

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

D. Process flow for submission of Audit Report:

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

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

1. APY subscriber registration documentation/Anti Money Laundering Compliance/Risk management systems

- a) Checks and balances for Know Your Customer (KYC)
- b) Systems and procedures put in place by PoP-APY for verification of KYC before opening of APY account.
- c) Procedure followed by the PoP-APY for informing the PRAN and other details to the subscribers & uploading to the CRA system of such data and transfer of clear funds to the Trustee bank.
- d) Procedure adopted by the PoP-APY for doing KYC as required under the Prevention of Money Laundering Act, 2002 (17 of 2003) including the amendments thereof or any other law through effective use of Know Your Customer verification processes, laid down by the Authority for all subscribers from the operational guidelines.
- e) Customer acceptance policy and customer due diligence measures.
- f) System and procedures put in place by PoP-APY to ensure that no multiple APY accounts are opened for the individual subscriber.

2. APY subscriber servicing/Anti Money Laundering compliance/Risk management systems

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

- e) Internal controls for online APY account access and usage.
- f) Process walk through and verification of procedure adopted for implementation of internal code of conduct and internal controls to prevent violation of guidelines or Service level standards stipulated for various activities under APY.

3. Dealing with subscriber funds/Risk management systems

- a) Procedure for ensuring that receipts and payment of funds/securities are from/to respective subscriber only.
- b) Verification of following books of accounts and records including:
 - i. Register of contributions received.
 - ii. Register of transaction history done by the Point of Presence upon requests from APY subscribers.
 - iii. CRA related transaction books/accounts maintained by PoP-APY.
 - iv. Cash Book
 - v. Bank Book

All such records should at least contain following information: Name of the subscriber, PRAN, date of debit from saving bank account of subscriber / subscriber request, contribution amount, branch name, date of credit, the contribution amount under APY into the Collection account of the PoP-APY, date of SCF upload, date of fund remittance, date of uploading the service related requests including exit request into the CRA system, date of authorization by the PoP-APY or any other additional parameter as may be considered by the PoP-APY for maintenance of proper audit trail at the level of the PoP-APY.

4. Banking and APY account operations including handling of Government Co-contribution

- a) Procedure for segregation of own and APY subscribers' funds and instruments (in separate accounts)
- b) Internal controls for use of subscriber bank and subscriber APY accounts only for authorized purpose.
- c) Government Co-contribution received by the PoP-APY has been credited to the subscriber saving bank account and un-utilised funds are credited back to PFRDA.
- d) Tranche-wise released Government co-contribution to the PoP may be obtained from the Protean-CRA for verification of records

5. Management of Facilitators /Business Correspondents (BCs)/ Pension Agent / any other service provider permitted by the PFRDA from time to time and internal control

- a) System and policy followed for opening / closing of branch. Procedure adopted to inform the same to subscribers.
- b) Periodicity and procedure adopted for inspection of facilitators /BCs)/ Pension Agent / any other service provider permitted by the PFRDA from time to time.

- c) Reporting mechanism and mode of informing the inspection observations to PoP-APY branches /facilitators/BCs/ Pension Agent / any other service provider permitted by the PFRDA from time to time and follow up action plan.
- d) Policy of fixing roles and responsibilities of officials in PoP-APY's head office, branches and facilitators /BCs/Pension Agent / any other service provider permitted by the PFRDA from time to time.
- e) Documentation of internal controls and comments on internal controls in place.

6. Subscriber grievance handling

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

7. Maintenance of Books of Accounts

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

F. References:

Please refer following website for more information:

- a) <https://www.pfrda.org.in>
- b) <https://npstrust.org.in>
- c) <https://cra.nps-proteantech.in/CRA>
- d) <https://cra.kfintech.in>
- e) <https://www.camsnps.in>