

Chapter 2 – Audit Framework

2.1 Audit Objectives

The Performance Audit of NPS was conducted to assess whether:

- i. the system for NPS was established as envisaged;
- ii. all eligible subscribers had been covered under NPS;
- iii. subscribers were registered within the prescribed timelines, if any;
- iv. SCFs were uploaded timely, total contributions (subscribers' and employers') were remitted to Trustee Bank, within prescribed timelines, if any; and
- v. NPS is being regulated and monitored in accordance with relevant Acts/ regulations/ orders etc.

2.2 Scope of Audit

The Performance Audit was conducted during October 2018 to January 2019 covering the period from 01 January 2004 to 31 March 2018. This Performance Audit was primarily focused on planning of NPS, its implementation (from the stages of registration of Nodal offices and subscriber to deduction and remittance of contribution to the Trustee Bank) and monitoring in respect of Tier-I contributions pertaining to Government sector only.

2.3 Sources of Audit Criteria

The sources of audit criteria are as mentioned below:

- Government Resolution, October 2003, by DEA;
- Gazette Notification, December 2003, by DEA;
- Government Resolution, November 2008, by Department of Financial Services (DFS);
- PFRDA Act, 2013 (linked to Gazette Notification, February 2014, by the DFS);
- PFRDA Regulations, Notifications, Circulars and Rules;
- Agenda and Minutes of Board Meetings of PFRDA;
- Office Memoranda (OM), relevant to NPS issued by DoE, DFS, DEA, Department of Pension and Pensioners' Welfare (DoPPW), Controller General of Accounts (CGA) and Central Pension Accounting Office⁷ (CPAO); and
- Notifications and OMs issued by State Governments.

⁷ CPAO is a subordinate office under CGA.

2.4 Audit Methodology and Sample

2.4.1 Audit Methodology

An Entry Conference was held on 08 October 2018 with the major stakeholders before commencement of field audit. Audit scrutinised records related to planning, implementation and monitoring of NPS in key stakeholders – Ministries/ Departments of the GOI i.e. DFS, DoE, DoPPW, PFRDA, CGA and CPAO. In selected States records pertaining to Ministries/ Departments/ Nodal Offices of NPS were scrutinised. Salary bills and records/ data of selected subscribers⁸ at selected Nodal Offices were scrutinised in Ministries/ Departments of Central Government, State Government, Central Autonomous Bodies and State Autonomous Bodies. Records/ data relating to uploading of subscribers' contribution details by Nodal Offices to CRA and remittance of NPS contributions to the Trustee Bank were scrutinised.

2.4.2 Audit Sample

The following five criteria⁹ were employed for selecting the sample of Ministries/ Departments/ Autonomous Bodies, in Central Government (Civil accounting formation) as well as in the States:

- total number of subscribers as on 30 April 2018;
- total amount of arrears' contribution (employee + employer) between 2008-09 and 2017-18;
- number of instances (DDO-wise and month-wise) where credit was delayed by more than one year;
- number of transaction IDs¹⁰ generated; and
- number of transaction IDs where upload of SCF was after fund transfer to Trustee Bank.

The audit sample covered:

- 168 DDOs¹¹ in 07 State Governments¹² { **Annexure-II(A)** };
- 15 DDOs¹³ in 02 Union Territories { **Annexure-II(B)** };

⁸ Audit scrutiny of a minimum of 15 subscriber records was proposed for every selected DDO of Central Ministry or Department/ State/ UT, wherever feasible.

⁹ Based on data provided by PFRDA upto 31 August 2018.

¹⁰ Transaction ID – When a SCF is uploaded in the CRA system, a unique ID called Transaction ID is generated. This ID would be the reference for the TB against which the funds remitted are matched with the SCF uploaded.

¹¹ 140 DDOs of State Government and 28 DDOs of SABs

¹² Andhra Pradesh, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Rajasthan and Uttarakhand

¹³ 10 DDOs in 2 UTs (Andaman and Nicobar Islands and NCT of Delhi) and 5 DDOs of SABs in 1 UT (NCT of Delhi). No SAB was selected in Andaman and Nicobar Islands.

- 74 DDOs¹⁴ in 16 Ministries/ Departments¹⁵ of Central Government under 26 Pr. AOs {**Annexure- II(C)**}; and

Records of 3,822 subscribers were scrutinised in audit.

2.5 Acknowledgment

Audit wishes to acknowledge the co-operation received from the DEA, DFS, DoE, DoPPW, PFRDA, CGA, CPAO and concerned offices of State Governments, during the audit process.

¹⁴ 15 Pr. AOs of Central Government Ministries/ Departments and 11 Pr. AOs of CABs having 62 DDOs (Central Govt.) and 12 DDOs (CABs) respectively.

¹⁵ (1) Department of Revenue [CBEC, CBDT, Department of Revenue], (2) Department of Atomic Energy, (3) Ministry of Home Affairs, (4) Ministry of Information and Broadcasting, (5) Ministry of Law and Justice, (6) Ministry of Mines, (7) Ministry of Planning, Statistics and Programme Implementation, (8) Ministry of Road Transport and Highways, (9) Department of Science and Technology, (10) Ministry of Housing and Urban Affairs, (11) Ministry of Water Resources, (12) Ministry of Agriculture, (13) Ministry of Health and Family Welfare, (14) Ministry of Human Resource Development, (15) Department of Economic Affairs, (16) Department of Financial Services.