

REQUEST FOR PROPOSAL FROM FIRMS FOR INTERNAL AUDIT

Mirae Asset Investment Managers (India) Private Limited (“the AMC”) hereby makes a request for proposal from firms for conducting Internal Audit as given below:

- Internal Audit of the Schemes of Mirae Asset Mutual Fund including operations of the Registrar and Transfer Agent (Frequency: Quarterly) and including pre-audit of compliance reporting to SEBI /RBI/ Board of Directors of the AMC and Mirae Asset Trustee Company Private Limited (“the Trustee Company”) / AMFI/ other regulatory agencies (Frequency: Ongoing)

I. SCOPE, ELIGIBILITY CRITERIA FOR INTERNAL AUDIT & DETAILS REQUIRED:

- **ELIGIBILITY CRITERIA:** The eligibility criteria for selection of Internal Auditors are given as **Annexure A**. Only firms which qualify for appointment as per the eligibility criteria are requested to submit their proposals.
- **AUDIT SCOPE:** The audit scope would cover areas as mentioned in **Annexure B**.
- **DETAILS REQUIRED FROM FIRMS:** Firms are requested to submit their details in the format given in **Annexure C**. The Firm will be evaluated on the basis of its experience and details given Annexure C.

II. LAST DATE FOR SUBMISSION OF OFFERS:

Firms interested in submitting proposals should submit the proposals latest by **April 22, 2024** at the below mentioned address.

III. CONTACT DETAILS:

Ms. Rimmi Jain

Compliance Officer

Mirae Asset Investment Managers (India) Private Limited

Unit – 606, 6th Floor, Windsor Building, Off CST Road,

Kalina, Santacruz (East), Mumbai – 400098

Phone No: 22 6780 0347

Annexure A

ELIGIBILITY CRITERIA FOR SELECTION OF INTERNAL AUDITORS:

Criteria for selection of the Internal Auditors are as follows:

1. The firm (registered with ICAI) to be selected shall have at least 3 full time qualified partners & 6 qualified Assistants (Chartered Accountants).
2. The firm shall have minimum 5 years experience specifically in Internal Audit.
3. The firm should have the experience of conducting Internal Audit of minimum 2 Mutual Funds in any of the past two years.
4. The firm must be located in Mumbai.
5. None of the Partners of the Firm should have been associated in the capacity of Director of Mirae Asset Investment Managers (India) Private Limited ("the AMC") / Mirae Asset Trustee Company Private Limited ("the Trustee Company").
6. The Firm should be eligible for appointment as Internal Auditor as per all applicable laws.

AUDIT SCOPE

The areas to be covered in the review / audit with suggested frequency are as under:

1. Investment transactions audit with the purpose of

- i. Examining and reporting on adequacy/effectiveness or otherwise of the internal control systems and procedures;
- ii. Verification of internal/external evidences wherever available including counter party confirmations and other necessary documents which relates to securities acquired/held/disposed off, accounting thereof in the books and records of the Fund;
- iii. Reporting of investment transactions which are not in conformity with the authorisation/ without approval of the designated authority;
- iv. Confirming proper settlement of trades (i.e. Delivery & Payment);
- v. Suggesting improvements in the procedure and systems in the course of above transactions audit

2 Operations review to ensure Compliance w.r.t. SEBI (MF) Regulations and internal policies:

2.1 Verification of NAV on sample basis w.r.t.

- i. Accounting of investment transactions on trade date;
- ii. Valuation of investments as per SEBI (MF) Regulations and valuation policies of Mutual Fund;
- iii. Timely Accounting/accrual of Corporate Benefits;
- iv. Timely and accurate computation of income (e.g. interest, discount etc.);
- v. Accounting/accrual of NFO expenses and recurring expenses to confirm that the expenses and management fees charged to the schemes are within the expenses limit specified by SEBI Regulations and respective Scheme Offer Document.
- vi. Accounting of unit capital and to ensure that closing units as per RTA records match with the Fund Accounting records;

2.2 Compliance with SEBI (MF) Regulations w.r.t.:

Verification of compliance of SEBI (Mutual Fund) Regulations, 1996 and circulars issued from time to time, except advertisement code. This would inter alia cover:

- i. Composition of Board of trustees and AMC;
- ii. Broker-wise business spread;
- iii. Investment restrictions, decision making, recording of decision;

- iv. Investment valuations;
- v. Limitation on fees and expenses;
- vi. NAV computation and its publication;
- vii. Accounting policies;
- viii. Risk Management System including review of adequacy and effectiveness of BCP/DRP;
- ix. Investor servicing;
- x. Submission of reports to trustees and SEBI;
- xi. Review of various SEBI circular/Guidelines and implementation of the requirements thereof.

Various regulatory and internal limits are monitored based on the reports generated from the front office and reports provided by the fund accountant/custodian. We would also carry one time review of logic of the system and process of generating these reports.

2.3 Review of Compliance with PMLA Guidelines

2.4 Limited review of processes at AMC w.r.t. following, for the launch of new scheme vis-à-vis Regulation 18(4) and issuing report to that effect.

- i. Systems in place for its back office, dealing room and accounting;
- ii. Appointment of key personnel including fund managers for the scheme;
- iii. Appointment of auditors, Compliance Officer and Investor Relations Officer;
- iv. Appointment of RTA, custodian and Fund Accountant
- v. Compliance and operations manual and its Updation;
- vi. Norms for brokers and marketing agents' empanelment.

2.5 Compliance with internal policies w.r.t.

- i. Compliance of the limits/norms specified in the offer document and investments objective of the schemes;
- ii. Verification of observance of broker empanelment norms/ guidelines prescribed by the AMC;
- iii. Verification of observance of agent/distributor empanelment norms/ guidelines prescribed by the AMC;
- iv. Compliance of code of ethics and employee dealing guidelines

2.6 Review of Reconciliations:

- i. Physical verification of securities held by MF along with its custodian on periodical rolling sample basis;
- ii. Review of Reconciliation Reports between Front Office System securities holding with Custody Holdings;
- iii. Review of Bank Reconciliation reports for Scheme-wise bank accounts;
- iv. Review of corporate actions Reconciliation reports;
- v. Review of unit capital reconciliation;
- vi. Review of outstanding receivables in all forms

3 Compliance with Income Tax Act w.r.t.

- i. Deduction and payment of tax at source;
 - ii. Payment of Dividend distribution tax;
 - iii. Charging and payment of Securities Transaction tax;
- Accounting of expenses incurred by the schemes and allocation of common expenses over the schemes;
 - Review of method followed for computing distributable surplus
 - Accounting of Income Equalisation Reserve and particularly dividend equalization reserve and accounting of dividend distributed by the schemes;
 - Examination of the assets categorised into performing and non-performing/doubtful as per the accounting practices laid down by the AMC, and reporting on correctness of the categorisation, valuation and accounting treatment for income due thereon;

4 To conduct audit of Registrar & Transfer Agents Operations through half yearly/yearly visits (as mutually agreed from time to time):

- i. Transactions audit on sample basis to verify and comment up on:
 - ⇒ Cut-off time
 - ⇒ Applicable NAV/rate
 - ⇒ Allotment, switch and redemption of units
 - ⇒ NFO Refund Payments
 - ⇒ Mandatory documents
- ii. One time review of rules set in to the system for allotment, switch and redemption w.r.t.

- ⇒ Minimum subscription
- ⇒ Lock-in period
- ⇒ Applicability of switch
- ⇒ Marking of lien
- ⇒ Entry/exit load
- ⇒ Brokerage rates etc.

iii. Review of all service level requests such as change of address, bank mandate, claims, transmission etc and the promptness on part of the RTA in handling such cases.

iv. Review of reconciliation of Unit Capital, Subscription, Redemption, Switches and Dividend Bank accounts;

v. To ascertain correctness of dividend calculation, withholding tax and accurate income allocation to each unit holder;

vi. Review of Brokerage w.r.t.

- ⇒ timely changes in the brokerage rates as per AMC instructions;
- ⇒ Correctness of Brokerage calculation as instructed by AMC;
- ⇒ Deduction and payment of service tax;

vii. Review of investors complaints/requests received and compliance thereof;

viii. Timely and entire payment of dividend/redemption liability;

ix. Self certification as per AMFI guidelines for the agents/distributors

5 Review of all the reports submitted to SEBI/RBI, for the accuracy of content and format:

5.1 Pre-verification of Compliance Test Report and certification.

5.2 Pre-verification of regulatory reports as per the list shared:

5.2.1 SEBI

- Monthly Cumulative Report
- Compliance Test Report
- Bi-monthly Compliance Certificate to trustees
- Quarterly AMC Activity Report
- Half-yearly report from AMC to trustees
- Half-yearly report from trustees to SEBI
- Annual Statistical Return-once in a year
- Half yearly disclosure of unaudited financial results in new format
- Half yearly disclosure of unaudited financial results in old format
- Half-yearly portfolio disclosure
- Condensed Financial Information for offer documents
- Monthly AUM uploads

5.2.2 RBI

- Certifying Mutual Fund's holding in SGL account-on quarterly basis
- Private Placement Report-On quarterly basis
- Gilt Fund Report-on quarterly basis

6 Half yearly/yearly review of Daily back-ups, reviewing the BCP and DRP testing

7 Post-implementation review on our previous internal audit recommendations

8 Providing support during the regulatory audits and Inspections. Thus would include mock inspection, assisting/advising in compiling various data, records and for preparing submissions to the regulator.

9. **TER:** Verify that the TER charged to the schemes is within the permissible limits defined by SEBI.

10. Such other areas as may be mutually agreed.

NAME OF THE FIRM: _____

I. DECLARATIONS RELATING TO ELIGIBILITY CRITERIA:

- i. Does the firm have at least 3 full time qualified partners & 6 qualified Assistants (Chartered Accountants)

Yes/No:

- ii. Does the firm have minimum 5 years experience specifically in Internal Audit?

Yes/No:

- iii. Does the firm have the experience of conducting Internal Audit of minimum 2 Mutual Funds in any of the past two years?

Yes/No (If yes, provide the name of the Mutual Funds and the period when Internal Audit was conducted in the following format. Add more rows if the count is more than 2 Mutual Funds in the past two years):

Sr. No.	Name of the Mutual Fund	Period when Internal Audit was conducted

- iv. Whether the firm is located in Mumbai?

Yes/No:

- v. Whether any of the Partners of the Firm have been associated in the capacity of Director of Mirae Asset Investment Managers (India) Private Limited ("the AMC") / Mirae Asset Trustee Company Private Limited ("the Trustee Company") / any of the Sponsors of Mirae Asset Mutual Fund viz. Mirae Asset Global Investments Inc. ("the Sponsors").

Yes/No:

- vi. Is the firm eligible for appointment as Internal Auditor as per all applicable laws?

Yes/No:

II. DETAILS RELATING TO THE FIRM:

Sr. No.	Particulars	Details
1	Name of the Firm	
	ICAI Registration No.	
2	Name of the Signing Partner	
	ICAI Registration No.	
3	Experience of the Firm in BFSI and MF Sector	
4	Experience and Qualification of the Partner in MF Industry	
5	Mutual Fund/ BFSI Clients for the last 10 years	
6	Assignment of Internal Auditor of Mutual Fund and BFSI for last 10 years.	
7	SEBI Inspections held for last 5 years, if any.	
8	Size of the Team which will be deployed at Mirae Asset MF to conduct the audit	
9	Pls mention no. of Senior Managers and other auditee(s) team and their details who will be carrying out the audit and their experiences	
10	Any other nature of audit being handled in the MF industry	
11	Any Special audit/assignment handled for any MF	
12	Any automated tools used for conducting the audit.	
13	Proposed Fees for conducting Mirae Asset MF - Internal audit	