

File No: 1/17/2019/NPST-Vol II/14048

24 February 2020

To

All Government Nodal Offices

Subject: Provision of information to M/s Deloitte Touche Tohmatsu India LLP for establishing Risk Management framework for NPS Trust

Dear Sir/Madam,

We, at National Pension System (NPS) Trust have appointed M/s Deloitte Touche Tohmatsu India LLP (DTTI LLP) for establishing Risk Management Framework for NPS Trust (NPST).

2. M/s Deloitte TTI LLP have been engaged with the following scope and objectives as per NPS Trust's Invitation to Bid no. 1/17/2019/NPST dated 26 November 2019 which are reproduced as below:

Scope of work:

NPST wishes to establish a formal enterprise-wide Risk Management System. NPST considers risk management as a comprehensive process integrating concepts of strategic planning, operations management and internal control. It is a process that supports the reduction of uncertainty and promotes the exploitation of opportunities. As part of best practices, NPST recognizes the importance of risk management and strongly believes:

- a. Risk must be managed on an enterprise-wide basis;
- b. Enterprise Risk Management (ERM) must be independent;
- c. Risk management is not an audit function or a compliance function.

Objectives:

Phase	Description
1	Define risks
2	Identify the objectives of NPST. Identify those risks which could prevent NPST from achieving its objectives. (This also includes trips to Kolkata, Mumbai and other locations to interact with NPST Board members and intermediaries based there, in addition to interacting with Delhi based NPST Board members, officers and staff).



Phase	Description
3	Rate the risks (both in terms of impact and likelihood of occurrence) and based on the rating, define the risk universe of NPST
4	Assess the controllability of each risk
5	Propose a risk-mitigating plan for each risk.
6	Submit a final comprehensive risk management system capturing each of the above five steps and management comments

3. The following tasks would be required to be carried out by Deloitte in achieving the above minimum objectives of the exercise:

- a. Analyzing the strategic objectives of NPST and identifying the present informal risk strategies;
- b. Assessment of NPST's organizational structure, strategy, policies and procedures, which forms the foundation for defining the NPST's risk approach and risk appetite;
- c. Review current ERM Information/Communication and Monitoring Practices;
- d. Review the existing interim Terms of Reference and Composition of Risk Management Committee and propose revisions.
- e. Review the existing interim risk management policy and propose revamped comprehensive risk management policy, guidelines and procedures supported with training for all key personnel;
- f. Identifying and describing internal or external events and trends considered as "RISK" that could significantly affect NPST's ability to meet its strategic objectives;
- g. Identifying events and trends through the cross sectional framework of all the risks of NPST;
- h. Assessing and describing the extent to which potential events and trends might affect NPST's operations;
- i. Identifying conceptual tools as part of the best practices through models, frameworks or other methodologies in identifying, assessing, measuring, monitoring and controlling risks; Ensuring that those methodologies or concepts are simple and easily adoptable;
- j. Identifying & profiling existing risk parameters and establish a risk register for all key risks;
- k. Determining the factors that contribute towards the identified risks;



l. Setting up of Risk Register with appropriate matrixes in identifying all the risks which should fulfill the following functionalities:

- Helps reducing risks, and decreasing the cost of risk treatment;
- Keeps track of who "owns" the risk, or risk treatment;
- Monitors risks by context - type, department, division, location, project, process, and asset or risk category;
- Evaluates cost and effectiveness of each risk treatment using consistent criteria;
- Produces documentary evidence or reports as and when required.

m. Establishing best practices risk rating for all key risks and recommending risk treatment options, risk action planning and ongoing risk monitoring and review;

n. Recommend process and periodicity for Revising of Risk Management plans, policies, and procedures;

o. Determining the risk tolerance and the alignment between NPST's risk appetite and its strategic goals;

p. Risk Response Options with reporting, mitigations and returns;

q. Establishing a fully integrated risk management framework and control environment;

r. Providing adequate training and development.

4. As a part of the exercise, in phase 2, the team members from DTTI LLP will be approaching your office for an interaction to understand and identify the risks associated with the NPS architecture. The following officers are hereby authorized to interact and obtain requisite information from you / your office:

Name	Designation	Email and Mobile number
Sh. Sandeep Sarkar	Partner	sarkars@deloitte.com 9004047654
Smt. Padmaja Mishra	Director	pamishra@deloitte.com 9920775133
Sh. Tarun Tokas	Associate Director	ttokas@deloitte.com 9899191971
Sh. Suresh Wadhvani	Manager	surwadhvani@deloitte.com 8879407620

4. We request you to extend them your fullest cooperation that will help us achieve the objective of this exercise. In case of any queries or clarifications, please feel free to contact the undersigned.



5. This issues with the approval of the Chief Executive Officer of NPS Trust.



K.R.Daulath Ali Khan
Deputy General Manager

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Copy to:

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