



Abhay K. Singh,
Financial Advisor and
Chief Accounts Officer

BY SPEED POST
EMPLOYEES' PROVIDENT FUND ORGANISATION
(Ministry of Labour & Employment, Govt. of India)

Head Office,
Bhavishya Nidhi Bhawan,
14, Bhikaiji Cama Place,
New Delhi - 110066.

D.O. No. BSC.1(1)2009-10/

Dated:

17 1 MAR 2010

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Dear Shri

You are aware that the E.P.F. Organisation prepares the Consolidated Annual Accounts under the three Schemes and places it before both CBT and Parliament every year along with the Audit Report. **The last date for submission of the EPF Organisation's Consolidated Balance Sheet for the year 2009-2010 to Director General of Audit (Central Expenditure) for Audit is 30-06-2010.**

2. Preparation of the consolidated Accounts of the Organisation is an important and time-bound task. Unless the Regional Commissioners submit the Accounts of their Regional Office to their Accountant General concerned / Head Office in time, the Head Office will not be in a position to complete the work within the prescribed time schedule.

It has been noticed that despite the oft-repeated instructions, the Accounts submitted to Head Office are not prepared with due care. They carry a large number of mistakes, which could be rectified only after protracted correspondence with the Regional Offices. This, unnecessarily delays the preparation of the Consolidated Accounts. It should be ensured that the Accounts prepared by the Regions are complete and correct in all respects in first attempt itself. The RPFC In-Charge/RC (FA) should take enough pains to ensure that the things move in the said direction. In order to ensure that the Annual Accounts are submitted in time, the following points are kept in mind which is reproduced as below:

- (1) All the Regional Offices/Sub-Regional Offices to complete the work of closing of various Cash Books and their reconciliation **positively by 07-04-2010.**
- (2) The Sub-Regional Offices should complete the work of consolidation of the transactions of the Sub-Regional Offices immediately after the end of the financial year and submit the completed Accounts to the Regional Office concerned **positively by 15-04-2010.**
- (3) As the work of closing the Cash Books and preparation of the Balance Sheet is a meticulous and time consuming job, proper attention is to be given to this item of work. In order to coordinate the work of closing of Cash Books, preparation of Annual Accounts, Audit and all other connected works, RC (FA) of the Regional Office shall act as Coordinating Officer. He should ensure that the work in all the offices in the Region is completed in time. He should also keep a liaison with the Accountant General and get the Accounts audited within stipulated time and arrange to furnish the Audit Certificates to Head Office. **The name of the Officer nominated for this work may be intimated immediately to the undersigned.**

- (4) **It must be ensured that all adjustments/observations made by the Head Office in your Balance Sheet for 2008-2009 must be taken into consideration while preparing Balance Sheet for 2009-2010. There should be no difference in the Closing Balance Figures of 2008-2009 and Opening Balance Figures for 2009-2010.**
- (5) The amount shown in Annexure to the Balance Sheet as contribution received by way of **transfer of securities must be tallied with the security wise figures given by the Investment Section of Head Office** and ensured that the accepted value of all the securities are same as provided under Para 28 of EPF Scheme, 1952.

It should be ensured that:

- (6) the figures reported in FB-7 Return with monthly D.O. Narrative Reports and the Balance Sheet do tally. If any amount has been shown as transfer to Inoperative A/c in FB-7 Return, then that should strictly fulfill the conditions prescribed in Para 72(6) of EPF Scheme, 1952 and thereafter only such amount be reflected in the Balance Sheet as amount transferred to Inoperative Account.
- (7) the interest credited to Inoperative Account has been debited to 'Interest Suspense Account'.
- (8) the amount shown in Receipt and Payment Account No.1 as 'diverted to Account No.10' be the same as 'amount transferred from Account No.1' shown in Receipt and Payment Account No.10.
- (9) the Bank Reconciliation Statements of all Accounts in respect of RO and SROs are furnished alongwith the Receipt and Payment Accounts.
- (10) the SRO wise details of Receipts and Payments of all Accounts have been furnished alongwith the Receipt and Payment Accounts of the Region.
- (11) All transfers from A/c No.4 to 2 and A/c No 25 to 21 must be ensured to have been booked as Subsidy in the Receipt and Payment Account concerned. Further, in case of A/c No.1 and 10 wherein NFMS has been implemented, it is advised to re-verify the details of transfer of daily closing balance to A/c No.5 and 11 with SBI-Mumbai, from the Bank Statements of the Link Branch concerned. In the previous year, a large number of entries remained un-reconciled due to wrong reporting by the Regions. Those entries should be in agreement with Receipt and Payment Accounts already sent to Head Office. Previous adjustment, if any, be made with suitable remarks.
- (12) **Some Regions had intimated previously that they actually did not transfer certain amounts, which were treated as amount in transit. Further, after the reconciliation of un-reconciled entries under NFMS for the financial year 2008-09, the Regional Offices concerned have been advised by the Banking Section, Head Office to make the required correction in the Balance Sheet for 2009-10.** In all such cases, they are advised to make adjustment in the Balance Sheet of the Region for the year 2009-2010 separately, and the details of these entries should be enclosed with the Balance Sheet.
- (13) **It may be ensured that the figures shown in Receipt and Payment Accounts as transferred from one account to another and vice-versa (i.e. A/c No.1 to 5, A/c No.10 to 11, A/c No.21 to 25 etc. and vice-versa) be shown only on the basis of Bank Statements so as to avoid unnecessary increase to the Suspense Account.**

- (14) It has been pointed out time and again that the Regional Office should maintain the Assets Register incorporating the details of the Land & Building acquired by them. Some of the Regional Offices have not yet completed this Register, which has invited the comments of the C&AG. You are, therefore, advised **to ensure that the Assets Register is completed in all respects and the total amount shown in the Register tallies with the amount shown as "Land & Building" in the Assets side of the Balance Sheet.** Similarly, a Separate Register showing the details of Advances made to the Construction Agencies should also be maintained and should be tallied with the amount of Advances shown in the Balance Sheet on the Assets side. All Regions should send Certified Copy of Land & Building Register / Advance Register to Finance Wing of Head Office alongwith their Annual Accounts.
- (15) It has been observed that the Interest Suspense Account is not being debited properly. It has also been noticed that the Regional Offices do not take into account the Total Interest credited by them to the subscribers' accounts and to the outgoing subscribers at the time of the final settlement of the claim. The IS Division of the Head Office has also pointed out that the Field Offices are not correctly summing up the Interest calculated under Module 420 and the current year's Interest of the settled cases. You are, therefore, advised to ensure that Interest credited by the Region during the year 2009-2010 is reflected correctly in the Balance Sheet.
- (16) It has been observed that most of the Regions are showing the deductions made by them from the Pay Bills of the Staff on account of Group Insurance Scheme Contributions as income of Account No.2. Similarly, the payments towards premia to the Life Insurance Corporation are being shown as expenditure from Account No.2. **This is not a correct procedure.** In fact, the premia deducted on this account are the amount remittable to the LIC and therefore, *neither it is an Income nor it is Expenditure for Account No.2.* However, the Receipt and Payment on account of GIS will keep on forming the part of Receipt and Payment Account No.2. Further, there is a Negative Balance under the head GIS (New) Scheme, which is due to non-reconciliation of Receipts from members and its payment to LIC. The Regions may not have transferred the amount of GIS Contribution of Officers to Head Office or may have transferred to wrong Account. The Regions should reconcile the Accounts and the adjustment may be made accordingly in the accounts for the year 2009-2010.
- (17) The Director General (Audit), Central Revenues in his Audit Report has observed that some of the Regional Offices are not maintaining the "Demand Register" of Advances properly. You are aware that all the Advances paid to the staff are required to be recovered from the pay and allowances. Unless the details are properly shown in the Demand Register, it will not be possible to ensure that the entire amount paid has been recovered from them. It should, therefore, be ensured that the Demand Register is completed up-to-date and the figures shown in the Demand Register tally with the details shown in the Balance Sheet. *A certificate to this effect should be sent to Head Office along with the Balance Sheet.*
- (18) Similarly, it is observed that payments towards Sports and Welfare activities are shown as expenditure in Income & Expenditure Account of the Region. It is to clarify that these expenditure are not be met out of Account No.2. Expenditure on these activities should be met out of the separately maintained Savings Account of Regional Sports Control Board and Regional Staff Welfare Committee.

- (19) **It is noticed that the figures under Sundry Credits/Sundry Debits, Unclassified Suspense etc., are increasing every year. Earnest efforts should be made to reduce the figures under Sundry Credits/Debits, Unclassified Suspense etc., to the maximum extent in the Accounts for the year 2009-2010. You have to contact the Bank authorities and to try to clear the pending items even by deputing Officers/Staff to the Bank. The adjustments, as a result of reconciliation in Regional/Sub-Regional Office as well as those advised by Head Office, should be carried out in the Accounts for the year 2009-2010.**
- (20) It was noticed from the verification of the records of the Regional Offices/Sub Regional Offices that some entries, which are shown in date-wise details are not reflected in the Balance Sheet even though these entries have actually been transferred for Investment. It is also noticed that the total of monthly date-wise detail of transfer for Investment do not tally with the figures shown in the Balance Sheet by the Region. With a view to avoid difference in the figures, the figures reported in the monthly DO of RC, may be retained in the Balance Sheet unless there are reasons for deviations, which should also be explained separately.
- (21) It has also been noticed that some times Regional Offices/Sub-Regional Office make transfer from one Account to another Account maintained in Regional Office/Sub-Regional Office but they are shown as transfers to Investment Account. The transfer made earlier from one Account to another Account may be corrected by transferring it back to the corresponding Account by showing the Amount from the Investment Account as adjustment.
- (22) It has been observed that date-wise details of the amount transferred and amount received from Head Office do not tally with the details submitted to Banking Section which causes increase in Sundry Debit/Credit and Amount in Transit. Both the figures must be identical.
- (23) It has been observed that the date-wise details of amount transferred/received as subsidy are not enclosed with the Balance Sheet by some of the Regions. Even some times the total of the detail does not tally with the Balance Sheet figure. They must ensure that the date-wise detail for all the Accounts is enclosed and the total is correct.
- (24) It has been observed that Opening Balance of Erroneous Debits / Credits enclosed with the Receipt and Payment Accounts of Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 i.e., (Account No.10, 21 & 22) does not tally with the Head Office record in case of some of the Regions. The correctness may be ensured.
- (25) It may be ensured that the transfer of funds to Staff Provident Fund Investment Account is made every month and Staff Provident Fund Account for the past period is reconciled.
- (26) Irregular/Over Payment should be monitored closely and the recovery should be made at the earliest as pointed out by the Audit.
- (27) The Commission paid to Banks for disbursement of Pension should not be charged to the Administration Accounts of Employees' Provident Fund Scheme This should be shown on Payment side of the Receipt and Payment A/c No. 10.

(28) **Specific Instructions regarding the accounts wherein New Fund Management System (NFMS) has been implemented by the field offices (A/c No.1 & 10 only):-**

- a) Under the NFMS, the existing Savings Bank Accounts of A/c No.1 & 10 maintained by the Field Offices would be converted in to Current A/c;
- b) No transfer of subsidy from the Head Office to the Field Offices and no specific advice from the Field Offices to their respective Link Branch about the transfer of surplus money to SBI-Main Branch, Mumbai for investment;
- c) All the cheques issued by the Field Offices would be honored by their respective Link Branches irrespective of the balance available in the Bank A/c of EPFO;
- d) At the end of the day, whatever would be the closing balance in the accounts of Field Offices, whether Debit or Credit, would be transferred by the Link Branch to the SBI-Main Branch Mumbai through SBI-Connect Software, leaving NIL balance in the account;
- e) **All the credit balances transferred at the day end from the account of the Field Office to SBI-MMB for investment would be treated as "Amount Transferred for Investment", as done in the existing system and would be shown accordingly in the Classified Summary of Receipt & Payment A/c;**
- f) **Similarly, all the debit balances transferred at the day end from the account of the Field Office to SBI-MMB would be treated as "Subsidy received from Head Office", as done in the existing system and would be shown accordingly in the Classified Summary of Receipt & Payment A/c.**

3. Finally, I would request you to bestow your personal attention in the matter and ensure that the discrepancies/observations pointed out by Director General of Audit during the last year are not repeated during the year 2009-2010 and **the annual accounts, duly signed by RPFC-I/Head of Office, are submitted to the Head Office positively by 30-04-2010. Accounts may be forwarded to A.G. Audit only after getting written acceptance from Head Office.**

4. **An Excel Programme for preparation of Balance Sheet for the year 2009-2010 is being loaded on EPFO Web site. The same may be down loaded from the EPFO Web site. You are directed to fill the figures in Data Sheets for Receipt & Payment Account Nos.1, 2, 10, 21, 22, Opening Balances and Annexure only. The programme on its own will automatically generate the Income and Expenditure and Balance Sheet of your Region.**

5. The Balance Sheet details and the CD containing the information regarding Balance Sheet for the year 2009-2010 may be sent to **FA & CAO, Head Office, New Delhi before the 30th April, 2010.**

6. Please acknowledge receipt.

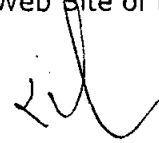
Yours sincerely,


(Abhay K. Singh)

Shri
Regional Provident Fund Commissioner-I,
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Copy to :

1. All Additional CPFCs, Political States for necessary follow up action and to ensure to submit the Balance Sheets of the Regions under their jurisdiction **before 30.04.2010;**
2. All OICs of All Sub-Regional Offices for information and necessary action;
3. Director, NATRSS, New Delhi with a request to submit the Balance Sheet of NATRSS **before 30.04.2010.** A C.D. containing an Excel Programme for preparation of Balance Sheet for the year 2009-2010 is enclosed;
4. Registrar, EPF Appellate Tribunal, New Delhi with the request to submit the Balance Sheet of EPFAT **before 30.04.2010.** A C.D. containing an Excel Programme for preparation of Balance Sheet for the year 2009-2010 is enclosed;
5. RPFC (ASD), Head Office with the request to submit the Balance Sheet of Head Office **before 30.04.2010.** A C.D. containing an Excel Programme for preparation of Balance Sheet for the year 2009-2010 is enclosed;
6. Chief Engineer, Head Office with the request to ensure that there are no variations between the figures shown in the Balance Sheet and Assets Register;
7. Director (Audit), Head Office;
8. R.P.F.C. (Investment), Head Office;
9. R.P.F.C (Banking), Head Office;
10. RPFC, WSU, Head Office;
11. APFC (Cash), Head Office;
12. PS to CPFC;
- ✓ 13. RPFC, NDC with the request to upload this letter in the Web Site of EPFO.



(R.K. Singh)
Regional P.F. Commissioner (F & A)

CHEKLIST

1. Close the Cash Books by RO/SRO by **7th April, 2010**;
2. To submit the completed Annual Accounts by SROs to RO by **15th April, 2010**;
3. Closing Balance figures of 2008-2009 tallies with the Opening Balance figures of 2009-2010;
4. Contribution received by way of transfer of securities tallies with the figures given by the Investment Section of Head Office;
5. Interest Suspense Account prevail the exact interest credited to all Accounts including Inoperative Account;
6. Transfers from one Account to other Account should be the same as shown in the concerned Receipt and Payment Account;
7. Bank Reconciliation Statement should accompany the concerned Receipt and Payment Account;
8. SRO wise details of all Accounts should accompany the concerned Receipt and Payment Account;
9. Ensure the correctness of transfer of funds as per NFMS/Bank Statement;
10. Assets Register figures tallies with the Balance Sheet figures;
11. Earlier observations made by the State Accountant General of Audit are rectified in the current year Accounts;
12. Ensure proper accounting of expenditure under the relevant Budget head;
13. Ensure adjustment/rectification of Erroneous Debits/Credits;
14. Regional Accounts may be forwarded to State Accountant General of Audit **only after written acceptance by the Head Office**;
15. Ensure the submission of Annual Accounts of the Region to Head Office before **30th April, 2010 positively**.