

**COMMITTEE ON PAPERS LAID ON THE TABLE
(2022-23)**

SEVENTEENTH LOK SABHA

111

ONE HUNDRED AND ELEVENTH REPORT

**[Action Taken by the Ministry of Labour & Employment on the Recommendations/
Observations made by the Committee in their Fifty-eighth Report (Seventeenth Lok
Sabha) regarding the delay in laying of the Annual Reports and Audited Accounts of
the Employees' Provident Fund Organization, New Delhi]**

(Presented to Lok Sabha on 27 March, 2023)



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI
March, 2023/ Chaitra, 1945 (Saka)**

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COMPOSITION OF COMMITTEE ON PAPERS LAID ON THE TABLE
(2022-23)

Shri Girish Chandra - **Chairperson**

MEMBERS

2. Shri Shafiqur Rahman Barq
3. Dr. A. Chellakumar
4. Shri Pallab Lochan Das
5. Shri Choudhury Mohan Jatua
6. Choudhary Mehboob Ali Kaiser
7. Dr. Amol Ramsing Kolhe
8. Shri Bharat Ram Margani
9. Shri Jamyang Tsering Namgyal
10. Smt. Aparupa Poddar
11. Shri T.N. Prathapan
12. Shri Sellaperumal Ramalingam
13. Shri Saptagiri Sankar Ulaka
14. Shri Devendrappa Y.
15. Shri Ashok Kumar Yadav

SECRETARIAT

1. Shri Vinay Kumar Mohan - Joint Secretary
2. Shri Naval K. Verma - Director
3. Shri Uttam Chand Bharadwaj - Additional Director

(iii)

INTRODUCTION

I, the Chairperson of the Committee on Papers Laid on the Table (2022-23), having been authorized by the Committee to present the Report on their behalf, present this One Hundred and Eleventh Report on the action taken by the Government on the recommendations/observations made by the Committee in the Fifty-eighth Report (Seventeenth Lok Sabha) regarding the delay in laying the Annual Reports and Audited Accounts of the Employees Provident Fund Organization, New Delhi.

2. The Fifty-eighth Report (Seventeenth Lok Sabha) was presented to Lok Sabha on 15 December, 2021. The Ministry of Labour & Employment furnished their replies on 02 June, 2022 indicating the action-taken on the observations/ recommendations contained in the Fifty-eighth Report. The Committee considered and adopted this Report at their sitting held on 23 March, 2023.

3. The Committee place on record their appreciation of the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

4. The Observations/Recommendations of the Committee have been printed in bold letters at the end of the Report.

New Delhi

23 March, 2023

02 Chaitra, 1945 (Saka)

**Girish Chandra
Chairperson**

Committee on Papers Laid on the Table

COMMITTEE ON PAPERS LAID ON THE TABLE (2022-2023), LOK SABHA

Report

Action Taken by the Ministry of Labour & Employment on the Recommendations/Observations made by the Committee in their Fifty-eighth Report (Seventeenth Lok Sabha) regarding the delay in laying of the Annual Reports and Audited Accounts of the Employees' Provident Fund Organization (EPFO), New Delhi.

This Report of the Committee deals with the action-taken by the Ministry of Labour & Employment on the Recommendations/Observations made by the Committee on Papers Laid on the Table (2021-2022) in their Fifty-eighth Report (17th Lok Sabha) which dealt with the matter of the delay in laying the Annual Reports and Audited Accounts of the Employees' Provident Fund Organization for the years 2015-2016 to 2019-2020, and which was presented to the Lok Sabha on 15 December, 2021.

2. The action-taken replies to all the Observations/Recommendations of the said Report have been received from the Ministry of Labour & Employment on 02 June, 2022. Accordingly, the reply showing the action-taken by the Ministry of Labour & Employment on the Recommendations/Observations contained in the Fifty-eighth Report (17th Lok Sabha) is given in **Appendix-I**.

3. The Ministry in their Action-taken reply have stated that the entire process for finalization of the Annual Reports and Audited Accounts of the EPFO has been reviewed and corrective actions have been taken. In order to streamline the process and avoid delays in future, timelines have been prescribed at each of the stages involved in the work of the Annual Reports and Annual Accounts of the EPFO.

4. However, the Committee observe from the time schedule laid down by the Ministry that after obtaining approval of the Annual Report and Audited Accounts of the EPFO by their competent authorities in November/December of the respective accounting year, the requisite documents would be sent by the EPFO to the Ministry by 12th December for laying on the Table of the House. In this connection, the Committee are of the opinion that before laying the documents in the House, the Ministry have to complete certain formalities viz. preparation of review of performance and activities of the EPFO, authentication of the documents from their Minister and sending the documents to Parliament for laying. If the date of sending the documents

by the EPFO to the Ministry is fixed by 12th December, it would be difficult for the Ministry to complete these formalities and place them before Parliament in time during the winter session which normally concludes by the third week of December every year. The Committee, therefore, desire that the time schedule may be drawn a fresh so as to given sufficient time to the Ministry to complete the various formalities involved to facilitate timely laying of the documents and the Committee be apprised of the action taken in this regard.

5. The Committee also note that only the Annual Report of the EPFO for the year 2020-2021 was laid on the Table of the House on 7.2.2022. As regards laying of the Audited Accounts of the EPFO for the year 2020-2021, the Ministry in their written replies stated that the Audited Accounts of the EPFO had not been received by EPFO from the Audit Authorities at that time. The Committee observe from the replies furnished by the Ministry that the Annual Accounts of the EPFO were submitted to Audit Authorities on 8.10.2021 for auditing.

In this connection, the Committee desire to draw the attention of the Ministry of Labour & Employment that the matter of delay in auditing of the Annual Accounts and furnishing the Audited Report of various organizations was taken up with the Ministry of Finance (Department of Economic Affairs). The Ministry of Finance (Department of Economic Affairs) vide their OM No. 15(37)-B-(R&C)/2021 dated 18th May, 2021 have submitted that the matter was examined in consultation with C&AG. The C&AG vide their OM 251/R.C(A.B.)/P.A.C./04-20/2019 dated 13th April, 2021 have furnished their comments which *inter-alia* states that –

“As per laid down time lines, approved and authenticated annual accounts are to be made available by the CABs to the CAG (or its designated field formation) by 30th June. After audit the CAG/designated field formation is required to issue a draft separate Audit Report (SAR) to the CAB by 31st August i.e. in two months. The CABs have time till the 14th September to reply to the audit observation in the draft SAR. After consideration of replies, the final SAR in which the audit certificate is to be issued by CAG to the CAB by 31st October, after which the CAB presents it to the Parliament. The audit by CAG is planned at the beginning of each year keeping in mind the above timelines. In case the CAB fails to meet any of the timelines, the risk of

cascading delays throughout the entire audit process increases as the audit had to reorient its audit plan, keeping in view availability of resources as well as need to complete the already laid down audit plan.”

The Committee, therefore, strongly recommend that aforesaid procedure should be followed by the Ministry/EPFO in respect of auditing of annual accounts and furnishing the final report of the EPFO for the succeeding years.

6. The Committee further note that the Audited Accounts of the EPFO for the year 2020-2021 were laid with delays of 12 months. The Ministry/EPFO have made efforts and the Annual Report and Audited Accounts of the EPFO for the 2021-2022 have been laid within the stipulated time but the Review Statement, as recommended by the Committee in para 3.6 to 3.8 of Second Report (Sixth Lok Sabha) presented on 22 December, 1977, has not been laid by the Ministry. The Committee, therefore, recommend that Review Statement for the year 2021-2022 must be laid on the Table of the House at the earliest. The Committee also recommend that the Ministry must make all out efforts to ensure that the requisite documents of the EPFO should be laid within the stipulated time in future. The Committee would like to be informed the action taken by the Ministry in this regard.

New Delhi

23 March, 2023

02 Chaitra, 1945 (Saka)

Girish Chandra
Chairperson

Committee on Papers Laid on the Table

STATEMENT SHOWING ACTION TAKEN ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE FIFTY EIGHTH REPORT OF THE COMMITTEE ON PAPERS LAID ON THE TABLE (LOK SABHA), SEVENTEENTH LOK SABHA.

(Recommendation Serial No. 25)

The Committee note that the Ministry of Labour & Employment and the EPFO, New Delhi, have not adhered to the time frame stipulated in the recommendations of the Committee on Papers laid on the Table contained in Paras 1.16 and 3.5 of its First Report (5th Lok Sabha), Paras 4.16 and 4.18 of Second Reports of 5th Lok Sabha and Paras 1.12. and 2.6 to 3.8 of Second Report of 6th Lok Sabha presented to the House on 08.03.1976, 12.05.1976 and 22.12.1977 respectively, regarding laying of Annual Reports and Audited Accounts on the Table of the House. The mandatory requirement of laying the papers within nine months from the closure of the accounting year has not been complied with.

REPLY OF THE GOVERNMENT

As per paragraph 74 of the Employees' Provident Fund (EPF) Scheme, 1952, the Annual Report on the work and activities of the Central Board (EPF) and its audited accounts together with the report of Comptroller and Auditor General of India shall be considered by the Executive Committee and shall be placed for adoption at a meeting of the Central Board (EPF) to be held before the tenth of December following the close of the financial year concerned. Thereafter, it shall be submitted to the Central Government not later than 20th December following the close of the financial year concerned for being placed before Parliament.

It is stated that Employees' Provident Fund Organisation (EPFO) could not submit the Annual Report together with Annual Accounts for the year 2016-17, as the final audit report was not received from the office of C&AG of India by that time.

The Annual Report 2016-17 on the work and activities of the Central Board (EPF) was submitted by EPFO to the Ministry of Labour and Employment in July, 2018 for laying before both Houses of the Parliament. However, in the Annual Report 2016-17 certain discrepancies were noticed in the Ministry and communicated to EPFO. These discrepancies had occurred due to increase in the number of field offices (independent units) after organizational restructuring in EPFO in early 2017. Thus, the Annual Report 2016-17 was rectified by EPFO and reprinted. The exercise was completed in May, 2019. This resulted in a cascading effect which in turn delayed finalization of Annual Reports of EPFO for subsequent years.

The Annual Reports of EPFO for the years 2016-17 to 2020-21 were laid on the Table of both Houses of the Parliament as under:

Year	Date on which laid on the Table of Lok Sabha	Date on which laid on the Table of Rajya Sabha
2016-17	01.07.2019	03.07.2019
2017-18	19.09.2020	18.09.2020
2018-19	08.02.2021	03.02.2021
2019-20	26.07.2021	28.07.2021
2020-21	07.02.2022	20.12.2021

The Annual Report of EPFO for the year 2020-21 was sent to the Secretariat of the Houses on 15.12.2021 for laying before both the Houses of Parliament. Therefore, the mandatory requirement of laying the Annual Reports within nine months from the closure of the accounting year has been streamlined since 2020-21.

The Annual Accounts of EPFO together with Audit Report for the years 2016-17 to 2019-20 were laid on the Table of both Houses of the Parliament as under:

Year	Date on which laid on the Table of Lok Sabha	Date on which laid on the Table of Rajya Sabha
2016-17	10.08.2018	10.08.2018
2017-18	25.11.2019	27.11.2019
2018-19	08.02.2021	03.02.2021
2019-20	04.04.2022	31.03.2022

The delay in laying the Annual Accounts of EPFO together with Audit Report for the year 2020-21 is as under:

Sl. No.	Description	2020-21
1	Date of submission of Consolidated Annual Accounts (Common Format) to Director General of Audit, Central Expenditure, New Delhi	08-10-2021
2	Date of Audit	10-01-2022 to 15-03-2022
3	Date of receipt of Draft Audit Report from DG(A)CE	The Draft Audit Report for the year 2020-21 is yet to be received from DG(A)CE.
4	Date of comments on Draft Audit Report forwarded to DG(A)CE	
5	Date of receipt of Audit Report from Director General of Audit, Central Expenditure, New Delhi	
6	Date of adoption by the Central Board of Trustees	
7	Date of submission of Annual Accounts to Ministry of Labour & Employment	

(Ministry of Labour & Employment O.M. No. H-11025/2/2022-SS-II dated the 02 June, 2022)

(Recommendation Serial No. 26)

While examining the reasons for delays in laying the documents of the EPFO, New Delhi, for the year 2016-2017, the Committee are very disappointed to note that the Annual Report along with the Delay Statement were laid on 01.07.2019 with the delay of about 18 months and thus, the same cannot be justified only on the grounds of increase in the number of regional offices from 40 to 120, as stated by the Ministry. This delay could have been avoided since the decision to increase the number of offices was a planned one and the same should not have bypassed the requirements of laying the papers on time. For the delay in laying papers for the year 2017-2018, the impact of COVID-19 pandemic is understandable. Nevertheless, the Committee are dismayed to note that the Ministry and the EPFO, New Delhi, had failed to finalize the annual accounts within the stipulated time and laid the Papers only on 19.09.2020 with the delay of 18 months. The Committee appreciate that as per the assurance given by the Ministry and the Organization, the Annual Reports and Delay Statements for the years 2018-19 and 2019-20 were laid, though with delays, on the Table of the Lok Sabha on 08.02.2021 and 26.07.2021, respectively. However, the Audited Accounts for the year 2019-20 have still not been laid. The Committee recommend to the Ministry that as per the earlier recommendations of this Committee, the same should be laid together with the Annual Report in future.

REPLY OF THE GOVERNMENT

It is stated that the Annual Accounts of EPFO together with Audit Report for the year 2019-20 were laid on the Table of Rajya Sabha on 31.03.2022 and that of Lok Sabha on 04.04.2022.

At the time of sending the Annual Report of EPFO for the year 2020-21 to the Secretariat of the Houses for laying before both the Houses of Parliament, the Annual Accounts together with Audit Report for the said year were not received. Hence, these documents could not be laid together for the year 2020-21, as recommended by the Hon'ble Committee.

Preparation of Annual Accounts of the EPFO, New Delhi involves multiple steps including the collection & consolidation of accounts/inputs from 135 accounting units/offices spread all over the country. Consolidated Annual Accounts are to be audited by C&AG of India. The entire process from appointment of Audit team by C&AG to the receipt of Audit certificate takes a lot of time. The process is given as under:

Sl. No.	Description	Details
1	Collection of accounts data from accounting units scattered throughout the country	The preparation of Annual Accounts of EPFO involves the collection & consolidation of accounts/inputs from 135 accounting units/offices spread all over the country. The same are then scrutinized many times in consultation with the concerned accounting units/offices to ensure the correctness of data, which is a time taking process.
2	Centralized and decentralized issues	Introduction of Centralized Receipt Module and Reconciliation thereon by the field offices with Information Service and Banking Division took time to reflect correct figures, resulting in delays in the preparation of Annual Accounts by field offices and further submission to the Head Office.
3	Audit by DGACE and Audit Certificate	The signed consolidated Annual Accounts are sent for audit by the C&AG. The Audit team appointed by C&AG audits the Annual Accounts at the Head Office level, which takes approximately 2-3 months. Similarly, the state audit teams audit the accounts of

		Zonal/Regional Offices of EPFO. The entire process of audit and thereafter issuance of Audit Certificate by C&AG takes few months.
4	Approval by the CBT and submission to MOL&E	After receiving the Audit Certificate, the Annual Accounts are placed for approval before the Finance, Investment and Audit Committee (FIAC), then before Executive Committee (EC), and finally before the Central Board of Trustees (CBT) for adoption, thus a process needs to be followed which takes time. Thereafter, the Annual Accounts are submitted to MoL&E for placing on the Table of both the Houses of Parliament.

The entire process has been reviewed and corrective actions have been taken. In order to streamline the process and avoid delays in future, timelines have been prescribed for each of the stages involved in the work of Annual Accounts. Accordingly, a circular dated 17.03.2022 (**Annexure-I**) has been issued by EPFO along with timelines for each activity associated with the preparation of Annual Accounts of EPFO for the year 2021-22.

(Ministry of Labour & Employment O.M. No. H-11025/2/2022-SS-II dated the 02 June, 2022)

(Recommendation Serial No. 27)

The Committee further note that the Ministry of Labour & Employment has not been able to put in place an effective monitoring mechanism to ensure laying of the documents of the EPFO, New Delhi, on the Table of both the Houses of Parliament within the stipulated time, which is a matter of serious concern. The Committee recommend that comprehensive and holistic efforts must be made by the Ministry to ensure timely laying of the documents in future and that the Committee should be informed of the compliance of these directions and also the measures taken by the Ministry to avoid delays in future.

REPLY OF THE GOVERNMENT

The recommendations of the Hon'ble Committee for comprehensive and holistic efforts to ensure timely laying of the documents of EPFO have been taken up in right earnest and spirit and an efficient monitoring mechanism is now in place. Previously, no time schedule indicating stage wise time for completion of task was prescribed. In order to streamline the process and avoid delays in future, timelines have been prescribed for each of the stages involved in the work of **Annual Report** as under:

Sl. No.	Activity	Timeline
1.	Submission of data/material from Divisions of Head Office	April to July of the following financial year.
2.	Compilation of Annual Report	August to September
3.	Certifying correctness of the compiled report by the concerned Divisions	1st October to 15th October
4.	Translation and printing of the Annual Report	16th October to 15th November
5.	Submission before EC and CBT	1st December
6.	Submission to MoL&E for laying before Parliament by 20th December of financial year.	12th December

After introduction of above action plan for avoiding such delays, the Annual Report for the year 2020-21 was sent to the Secretariat of the Houses on 15.12.2021 and was placed before the Parliament well within the mandated period i.e. on 20.12.2021 before Rajya Sabha and on 07.02.2022 before Lok Sabha.

Accordingly, it is assured that the Annual Report for the year 2021-22 would also meet the statutory time frame.

The timelines prescribed for various activities for preparation of **Annual Accounts** are as under:-

Sl. No.	Activity	Timeline
1.	Submission of data/material from Zonal offices/Divisions of Head Office	April to May of the following financial year.
2.	Compilation of Annual Accounts and submission to C&AG	June
3.	Audit of Annual Accounts	July and August
4.	Draft SAR and Audit Certificate	September- October
5.	Submission before FIAC, EC and CBT	November/December
6.	Submission to MOLE for laying before Parliament by 20th December of financial year.	By 12 th December.

After introduction of above action plan for avoiding such delays, the Annual Accounts for the year 2021-22 would meet the statutory time frame.

(Ministry of Labour & Employment O.M. No. H-11025/2/2022-SS-II dated the 02 June, 2022)

(Recommendation Serial No. 28)

The Committee also impress upon the Ministry that if due to some unavoidable reasons, the annual reports and audited accounts of the EPFO, New Delhi, could not be laid on the Table of the House within the stipulated time, a statement explaining the reasons as to why the requisite documents could not be laid within the prescribed period should be laid on the Table of the House within 30 days after the expiry of the stipulated time period of nine months after the closure of the respective accounting year or as soon as the House convenes, whichever is later.

REPLY OF THE GOVERNMENT

The considered advice tendered by the Hon'ble Committee is noted for compliance in letter and spirit. In future, if any delay occurs, the reasons for the delay will be laid on the Table of the Houses within 30 days after the expiry of the stipulated time.

(Ministry of Labour & Employment O.M. No. H-11025/2/2022-SS-II dated the 02 June, 2022)

(VibhaBhalla)
Joint Secretary to the Government of India

Committee On Papers Laid On The Table (2022-23)

**The Extracts of the Minutes of the sitting of the Committee on Papers Laid on the Table
held on 23 March, 2023**

The Committee sat on Thursday, 23rd March, 2023 from 15:00 hours to 17:10 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

Present

Shri Girish Chandra - ***Chairperson***

***Members
(Lok Sabha)***

1. Shri Pallab Lochan Das
2. Choudhary Mehboob Ali Kaiser
3. Shri Jamyang Tsering Namgyal
4. Shri Ashok Kumar Yadav

Secretariat

1. Shri Vinay Kumar Mohan - Joint Secretary
2. Shri Naval K. Verma - Director
3. Shri Uttam Chand Bharadwaj - Additional Director

2. At the outset, the Chairperson welcomed the Members of the Committee to the sitting and apprised them of the agenda.

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4. At first, the Committee took up the following four draft Reports and eight Action taken Reports for consideration and adoption:-

i. to v xx xx xx

- vi. Action Taken by the Ministry of Labour & Employment on the Recommendations/Observations made by the Committee in their Fifty-eighth Report (Seventeenth Lok Sabha) regarding the delay in laying of the Annual Reports and Audited Accounts of the Employees' Provident Fund Organization, New Delhi;

