

**GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA**

UNSTARRED QUESTION NO:2685
ANSWERED ON:12.12.2005
VIOLATION OF GOVERNMENT NORMS BY EPFO
Das Gupta Shri Gurudas

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether the Director General of the Audit Department has found out serious flaws in Employees Provident Fund Organizations accounting procedures; and

(b) if so, the details thereof and the reaction of the Government thereto?

Answer

MINISTER OF LABOUR AND EMPLOYMENT (SHRI K. CHANDRASEKHAR RAO)

(a) & (b): In accordance with Section 5A(6) of the Act, every year, the accounts are audited by the Comptroller and Auditor General of India and subsequently submitted to the Central Government for being placed before the Parliament after adoption by the Central Board as provided in Para 74 of the Employees' Provident Fund Scheme, 1952.

The Director General of Audit has made some observations regarding the manner of depiction of certain accounting heads, which is being followed by the EPFO over a period of time and as per the approved format of accounts. Acceptance of the observations made by the Audit will require prior approval of the Central Government and the C&AG of India, as it will result in changes in the present format of final accounts of EPFO. However, the overall system of accounting of EPFO is proposed to undergo a change from 'Cash Basis' (being followed in the Government as SINGLE entry Accounting System) to 'Accrual Basis' (converting to Double Entry Accounting System) under the 'Re-inventing EPF India Project' and after its implementation, various observations made in the audit would be addressed accordingly.