

**COMMITTEE ON PAPERS LAID ON THE TABLE
(2021-2022)**

58

SEVENTEENTH LOK SABHA

FIFTY EIGHTH REPORT

**[Delay in laying the Annual Reports and Audited Accounts of the Employees'
Provident Fund Organization, New Delhi]**

(Presented on 15 December, 2021)



सत्यमेव जयते

LOK SABHA SECRETARIAT

NEW DELHI

December 2021/ Agrahayana, 1943(Saka)

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COMPOSITION OF COMMITTEE ON PAPERS LAID ON THE TABLE
(2021-2022)

Shri Ritesh Pandey

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5. Shri Kundan Kumar - Committee Officer

INTRODUCTION

I, Chairperson of the Committee on Papers Laid on the Table of the House (2021-22), having been authorized by the Committee to present this Report on their behalf, present this Fifty Eighth Report in respect of the delay in laying the Annual Reports together with Audited Accounts of the Employees' Provident Fund Organization, New Delhi.

2. In terms of the recommendation of the Committee on Papers Laid on the Table contained in its First Report, Second Report (5th Lok Sabha) and Second Report (6th Lok Sabha) presented to the House on 08 March 1976; 12 May 1976 and 22 December 1977 respectively, the Annual Report and Audited Accounts of the Organization/Company are required to be laid on the Table of the House within nine months of the closure of Accounting Year.

3. The Committee considered the matter of delays in laying of the Annual Reports and Audited Accounts of the Employees' Provident Fund Organization, New Delhi and took oral evidence of the representatives of the Ministry of Labour & Employment EPFO at their sitting held on 04 January, 2021.

4. The Committee considered and adopted this Report at their sitting held on 06 December, 2021.

5. The Committee wish to express their thanks to the officers of the Ministry of Labour & Employment and EPFO for furnishing the written replies, other material/information and for placing their views in the matter before the Committee.

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

New Delhi
09 December , 2021
18 Agrahayana, 1943 (Saka)

RITESH PANDEY
Chairperson
Committee on Papers Laid on the Table

Report

Delay in laying the Annual Reports and Audited Accounts of the Employees' Provident Fund Organization, New Delhi.

The Employees' Provident Funds Bill, 1952 (Bill No. 15 of 1952) was introduced in Parliament of India to provide for the institution provident funds for employees in factories and other establishments and thereby, the Employees' Provident Funds Act, 1952, was enacted. Subsequently, in 1988, it was renamed as The Employees Provident Funds & Miscellaneous Provisions Act.

2. Employees' Provident Fund Organization (EPFO) is an autonomous body under the Ministry of Labour & Employment and is India's principal organization responsible for administering the three social security schemes envisaged under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 or EPF & MP Act 1952 (the Act, hereafter) viz., Employees Provident Fund Scheme 1952, Employees' Deposit Linked Scheme, 1976 and Employees' Pension Scheme, 1995, for members and their families. The EPFO has presence in all States of India with 22 Zonal Offices, 138 Regional Offices and 117 District Offices and it caters to 5.54 crore active PF subscribers, 67 lakh pensioners and 6.6 lakh establishments.

EPFO ensures delivery of seamless services to its esteemed stakeholders through a technologically driven action plan. EPFO leads from the front in complimenting the e-governance initiatives of Government of India. The Organization has delivered commendable services during the pandemic, reaching out to millions of stakeholders when they most needed social security. The Organization with a responsive and efficient work force is strategically poised to shoulder higher responsibilities with well demonstrated commitment and dedication to its stakeholders. The total corpus of EPFO stood at ₹13.7 lakh crores at the end of March, 2020.

3. According to the written submission by the Ministry, the Central Board of the EPFO is a tripartite statutory body constituted by the Central Government under Section 5A of the Act and having Employees, Employers and Government representatives as its members. It has the responsibility to administer the Act & the three Schemes framed therein. Hon'ble Union Minister of Labour & Employment, Government of India, is the Chairman of the Board. The tenure of the Board is for five years.

4. Further, Sub Section (9) of Section 5A of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, provides that annual report of EPFO along with audited accounts shall be laid before each House of Parliament by the Central Government, as under:-

“It shall be the duty of the Central Board to submit also to the Central Government an annual report of its work and activities and the Central Government shall cause a copy of the annual report, the audited accounts together with the report of the Comptroller and Auditor-General of India and the comments of the Central Board thereon to be laid before each House of Parliament.”

Paragraph 74(1) of the EPF Scheme, 1952, provides that annual report and the annual accounts shall be placed before the Central Board, EPF, before the 10th of December, following the close of the financial year concerned. The provision is reproduced below:

“The annual report on the work and activities of the Central Board 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 Board to be held before the Tenth of December following the close of the financial year concerned:

Provided that if the report of the Comptroller and Auditor General is not received by the first of December following the close of the financial year to which it pertains, the audited accounts together with report of the Comptroller and Auditor General may be placed before the Executive Committee/Board separately from the annual report on the work and activities of the Board.”

Paragraph 74(2) of the EPF Scheme, 1952, provides that annual report and annual accounts adopted by the Central Board shall be submitted to the Central Government by 20th December, following the close of the financial year concerned for being placed before Parliament. The provision is reproduced below:

“The annual report on the work and activities of the Board and the audited accounts of the Board together with the report of the Comptroller and Auditor General of India, as adopted by the Board, shall be authenticated by affixing the common seal of the Board and four copies thereof together with the comments of the Board on the report of the Comptroller and Auditor General shall be

submitted to the Central Government not later than Twentieth of December following the close of the financial year concerned for being placed before Parliament:

Provided that if the report of the Comptroller and Auditor General is not received by the first of December following the close of the financial year to which it pertains, the audited accounts together with the report of the Comptroller and Auditor General and the comments of the Board thereon shall be submitted to the Central Government separately from the annual report on the work and activities of the Board.”

5. The EPFO is run by its own sources of funding. All the administrative expenses of the Organization are met out by the Administrative and inspection charges collected from the employers at the rates prescribed by the Government of India. However, the Government contributes towards Employees' Pension Scheme, 1995 and grant is also given for minimum pension of Rs.1000/- to the pensioners. The amount received from the period 2014-15 to 2018-19 is placed at **Annexure-I**.

6. On being asked about the reasons for delay in laying of the annual reports and audited accounts of the EPFO from the years 2015-16 to 2017-18, the Ministry in their written submission had submitted the main reasons for delay as under: -

“Annual Report for 2015-16: - EPFO submitted its Annual Accounts for 2015-16 to the Director General of Audit, Central Revenues, New Delhi on 05.08.2016 for Audit and Certification. It was anticipated that the Audit Report from the Director General of Audit would be received at an early date and the same would be sent along with the Annual Report of the work and activities of the Central Board for placement before both the houses of Parliament. However, the Audit Report was not received till March 2017.

Meanwhile, the Annual Report 2015-16 was placed for adoption before CBT, EPF on 19.12.2016. As such it was decided to send the Annual Report on work and activities of the Central Board separately. Accordingly, the Annual Report was laid before Lok Sabha on 24.07.2017 and before Rajya Sabha on 26.07.2017.

Annual Report for 2016-17: - The Employees' Provident Fund Organization submitted its Annual Accounts for 2016-17 to the Director General of Audit, Central Revenues, New Delhi on 30.01.2018 for Audit and Certification. It was anticipated that the Audit Report from the Director General of Audit would be received at an early date and the same would be sent along with the Annual Report on the work and activities of the Central Board for placement before both the Houses of Parliament. However, the Audit Report & Certification was received only in June 2018. Therefore, the draft 64th Annual Report was placed for adoption and approval before CBT, EPF in its 221st meeting on 13.04.2018.

The Annual Report 2016-17 was sent separately to Ministry of Labour & Employment, for laying before both Houses of the Parliament. However, after forwarding the report to Ministry of Labour & Employment, certain discrepancies were noticed in the Annual Report. These discrepancies occurred, inter-alia, due to increase in the number of field offices (independent units) after cadre restructuring in the Organization in early 2017. Thus, the Annual Report had to be rectified and reprinted which was completed in May 2019. Accordingly, the revised Annual Report was laid before Lok Sabha on 01.07.2019 and before Rajya Sabha on 03.07.2019. The delay was occasioned by the above circumstances.

Annual Report 2017-18: - The Annual Report 2017-18 was sent to Ministry of Labour & Employment, in July 2018 for laying before both Houses of Parliament. However, after forwarding the Annual Report 2017-18 to Ministry of Labour and Employment, certain discrepancies were noticed in the same. These discrepancies occurred inter-alia, due to increase in the number of field offices (independent units) after organizational restructuring in EPFO in early 2017. Thus, the Annual Report 2017-18 had to be rectified and reprinted which was completed in May 2019.

The work of Annual Report 2017-18 could be initiated only after completion of Annual Report 2016-17. The draft Annual Report 2017-18 was adopted by CBT, EPF in its 226th meeting held on 05.03.2020. Accordingly, the Annual Report was laid before Lok Sabha on 19.09.2020 and before Rajya Sabha on 18.09.2020. The delay was occasioned by the above circumstances.

Audited Accounts: - *The main reasons for delay in laying the audited accounts can be summarized as follows, -*

- a. Collection of accounts data from accounting units scattered throughout the country: The preparation of Annual Accounts of EPFO involves receiving and consolidation of accounts from field offices spread all over in the country. The same are then scrutinized many times in consultation with the concerned field offices until the assets of the Organization match its liabilities.*
- b. Audit by DGACE: After receiving the approval from FA & CAO and CPFC, the consolidated Annual Accounts are sent for audit by DG(A)CE. Their audit team arrives in EPFO Head Office for audit of the same. The observations raised by audit team must be replied satisfactorily so as to receive Audit Certificate before laying the same before both the Houses of Parliament.*
- c. Preparation in a non-computerized environment: Basic reason for delay is old system of preparation of Accounts of EPFO as the accounts from all over the country offices are collected in hard copy which takes time to arrive in the Head Office and also many times accounts are revised from field offices due to errors. These are then manually fed into the computer and compiled.*
- d. Shifting from Legacy to Common Format of Accounts: As per the directions of the Ministry of Finance, Government of India, EPFO has shifted its format of Accounts from the erstwhile Format (cash-based), to the Common Format (accrual-based), with effect from 2017-18. This necessitated a lot of changes in the preparation of Balance Sheets at the level of field offices, and the consequent delay in Head Office.*
- e. Rise in the number of field offices from 40 to 135: As a result of cadre-restructuring in EPFO, the number of accounting units in the field rose suddenly in 2017-18. The number of Regional Offices rose from 40 to 135. The Zonal Offices also became the accounting units for the first time. These developments also contributed to the delay in compilation of Annual Accounts. But best efforts were made by the H.O team to not let the delay spill over. Rather, all-out efforts were made to arrest the period of delay.*

f. *Teething troubles of Computerization in phases: Till Dec. 2016, the contribution receipts were collected by the concerned Regional Office spread throughout the country. However, with effect from 2017, the receipts in EPFO began to be collected centrally by the Information Services (I.S) Division in Head Office. This data of Receipt Collection had to be shared by Head Office with all the field offices, so as to enable them to prepare their respective Balance Sheets. However, this being the first time, the I.S Division of Head Office took a lot of time in reconciling the central Receipt data and then sharing it with the field offices. This exercise by the I.S Division of Head Office was completed in October 2018, after which the field offices compiled their Balance Sheets and sent them to Head Office for re-conciliation and consolidation.*

7. On being asked about the reasons for not laying the review statement along with the documents of the EPFO from the years 2014-2015 to 2017-2018 and the annual reports and audited accounts together of the EPFO for the years 2016-2017 and 2017-2018, the Ministry replied as under: -

“Audited Annual Accounts and Annual Reports of EPFO from the years 2014-15 to 2017-18 were submitted with comments of EPFO, thereon. Delay statement with reasons of delay was also enclosed with the Annual Accounts and Annual Reports.

EPFO could not submit Annual Reports together with Annual Accounts because in the year 2016-17, the final audited report had not been received by the time Annual Report was ready for submission. In 2017-18, Annual Reports could not be compiled by the time of submission of Annual Accounts.”

8. On being asked whether the delays in laying the documents indicate that due importance was not given to timely laying the papers before the Parliament and things were taken in a casual manner, the Ministry, in their written reply, submitted as under: -

“The Organization has always tried to fulfill its statutory obligation especially those relating to timely laying of documents before the august Houses of the Parliament. However, due to some unavoidable circumstances which have already been explained in the delay statements, there was a delay in timely laying of the reports. Further it is assured that all remedial steps are being

taken to ensure that henceforth all reports are submitted within the statutory timelines. The Annual Report 2015-16 on work and activities of the Central Board (EPF) was placed for adoption before CBT, EPF on 19.12.2016. The matter of timely submission of documents etc. for laying before the Parliament is regularly discussed and reviewed in the meetings of the Organization/Ministry.”

9. The Ministry has furnished the following information in respect of finalization of annual reports and audited accounts of the EPFO for the years from 2015-2016 to 2018-2019:

- a) The dates on which the EPFO approached the audit authorities to appoint the auditors for auditing the accounts, dates of their appointments; and time taken in appointments after closure of each financial year (**Annexure-II**);
- b) The dates of compilation of annual accounts of the EPFO and time taken after the closure of respective accounting years (**Annexure-III**);
- c) The dates on which the annual accounts were submitted to auditors for auditing and time taken after appointments of auditors (**Annexure-IV**);
- d) The dates and duration of auditing the annual accounts of the EPFO by the auditors (**Annexure-V**);
- e) The dates of queries raised by auditors during auditing of annual accounts and time taken after submission of annual accounts to the audit authorities and the dates on which the replies to the audit queries were furnished to the auditors and the time taken to resolve these queries (**Annexure-VI**);
- f) The dates on which draft audit reports were issued by the audit authorities and time taken after receipt of annual accounts (**Annexure-VII**);
- g) The dates on which the final audit reports were received by the EPFO and time taken after issue of the draft reports (**Annexure-VIII**);
- h) The dates of finalization of annual reports and time taken after receipt of the final audit reports (**Annexure-IX**);
- i) The dates on which documents were got approved from the competent authority and time taken after finalization of the annual reports (**Annexure-X**);
- j) The dates on which documents were taken up for translation & printing and the time taken for completing the task at each stage (**Annexure-XI**);
- k) The dates and time taken for sending the documents to the Ministry for being laid in House after the completion of printing work (**Annexure-XII**); and

- l) The dates of laying of the documents on the Table of the House and time taken by the Ministry in the process of laying of the documents after receipt of the annual reports and audited accounts from the EPFO (**Annexure-XIII**).

10. On being inquired as to whether the Ministry/EPFO has identified the stages in which delays have occurred during these years and if so, how it is proposed to curtail these delays in future, the Ministry, in their written submission, highlighted as under: -

“In respect of Annual Reports, it has been seen that within EPFO, delays have occurred in the following stages which are involved in laying of Annual Report before the Parliament: (i) submission of data/material from field offices and divisions of Head Office, (ii) certifying correctness of the compiled report by the concerned field offices/divisions & (iii) translation and printing of the report. Deadlines have now been made more stringent for each of these stages so that the entire activity can be completed within the statutory time limit. In respect of Annual Accounts, during 2015-16, 2016-17 and 2017-18, the delay in laying audited Balance Sheet was due to introduction of Common Format of Annual Accounts in EPFO and other reasons listed in reply of question No.5 above., but during 2018-19 Annual Accounts were compiled in time(submitted to CAG for audit on 13.09.2019) and the reason of delay was excessive time (more than nine months) taken in audit process and issue of audit certificate by Comptroller and Auditor General of India.”

11. In respect of any delay in the appointment of auditors for the purpose of auditing annual accounts of the EPFO during these years, the Ministry replied in the negative. Regarding the manner in which the issue of auditing of accounts and finally timely receipt of the final audit reports from the audit authorities was dealt with by the Ministry, it has been submitted that Finalized Accounts were immediately submitted to CAG and full cooperation was extended to visiting audit party. All the queries and observations were replied quickly to the CAG team. Senior officers of EPFO visited personally the DGA(CE) and CAG to brief on various observations raised by them. Further on the matter of hurdles in translation work, the Ministry submitted that there was some delay in translation of Annual Reports in Hindi and printing thereof and that the matter has been taken up with the concerned to rectify and resolve the issue.

12. On being asked whether there are any procedural difficulties associated with convening the meeting of the competent authority for getting approval of the documents of the EPFO, the Ministry stated that -

“Audited annual accounts are approved by the Finance and Investment Committee (a sub-Committee of the Central Board), then by the Executive Committee and finally by the Central Board itself. Although there is no specific procedural difficulty in convening meeting of these committees/Board but sufficient notice period is required for convening meetings and approval of minutes, and the availability of the Chairman is sometimes constrained by ongoing sessions of Parliament.”

13. With respect to the query as to whether the process of accounting, to facilitate speedy and timely compilation of accounts of the EPFO, has been computerized and if not, what steps are being taken by the Ministry in this regard, it was clarified that accounting has still not been computerized and that the *“C-DAC has been assigned the task of computerization of accounting of EPFO. An advisory committee of experts has also been constituted to monitor and implement the process. EPFO expects to achieve the computerization of accounts as per the completion of process by C-DAC and in around one more year.”*

14. On being inquired if any time schedule has been laid down either by the EPFO or by the Ministry indicating normative time for completion of the task at each stage involved in finalization of the annual reports and audited accounts viz. compilation of annual accounts, auditing of accounts, approval of the documents from the competent authority, translation and printing and processing in the Ministry for being laid on the Table of the House, the Ministry, in their written submission, has put forward relevant details and reasons therefor as under: -

“Regarding the Annual Reports, no time schedule indicating stage wise time for completion of task of laying it before Parliament 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 viz.: (i) submission of data/material from divisions of Head Office, (ii) compilation of Annual Report, (iii) certifying correctness of the compiled report by the concerned divisions & (iv) translation and printing of the report.”

The Activity wise Action Plan for Preparation of Annual Report is given at **Annexure-XIV**. Similarly, a time line and action plan are prepared for all the activities related to accounts also. The Activity wise Action Plan for Preparation of Balance Sheet (2018-19) is mentioned in **Annexure-XV**.

15. On being asked as to whether the EPFO has any internal auditing mechanism to ensure timely compilation of accounts and also to minimize the audit queries at the time of auditing, it was clarified that the *“EPFO has internal audit wing, which thoroughly audits the transactions at various units of EPFO. In addition, visiting audit team of the CAG also takes note of audit by internal audit wing. The visiting audit team itself chooses and visits some audit units for sample audit including complete audit of all divisions at Head Office.”*

Furthermore, the Ministry submitted that *“the matter of timely submission of documents etc. for laying before the Parliament is regularly discussed and reviewed in the meetings of the organization/Ministry. Finance, Investment & Audit Committee, Executive Committee and Central Board of Trustees issues regular directions and monitors these instructions regularly.”*

16. On the issue of whether any remedial measures have been taken or proposed to be taken both by the Ministry and the EPFO to ensure timely laying of the documents before Parliament within the prescribed period of nine months from the closure of the accounting year, in future, the Ministry replied as under: -

“Time bound action plan and strategy has been prepared to avoid bottle necks and to streamline the procedures. EPFO is taking technical and procedural measures to facilitate speedy compilation of Accounts. EPFO has begun the process of automation of accounting in field offices and at Head Office. Once implemented, it will further reduce the time duration of preparation of accounts for F.Y.2020-21. However, the time limit for CAG audit and issuing audit certificate can be fixed to ensure timely laying of the audited accounts before the Parliament within the prescribed period of nine months from the close of the accounting year, in future.”

17. Regarding the latest position regarding finalization of annual report and audited accounts of the EPFO for the year 2018-2019 and the expected time to be laid on the Table of the House, the Ministry submitted that, -

“Annual Report for the year 2018-19 has been approved by the CBT (EPF) on 09.09.2020 and it was forwarded to Ministry of Labour and Employment, New Delhi for laying before the Parliament on 21.09.2020. It is expected that the same may be laid on the Table of the House during the upcoming Winter Session of Parliament. Audited accounts of EPFO for the year 2018-19 have been provided to the MOL&E of Government of India on 28.09.2020 for laying the same before both Houses of Parliament.”

18. Giving out the latest position regarding finalization of annual report and audited accounts of the EPFO for the year 2019-2020 and whether the EPFO will lay these papers within the stipulated time i.e. 31.12.2020, the Ministry put forward as under: -

“Preparation of Annual Report has already been initiated but certified material for preparation of the Annual Report is yet to be received from all the divisions and sections of EPFO as the delay occurred due to ongoing pandemic situation. The delay has been reviewed in a meeting of Senior Officers of EPFO. All out efforts are being made to finalize the Annual Report for 2019-20 at the earliest and it is expected that the entire exercise will be completed by 31.03.2021. Annual accounts Annual Accounts of EPFO for the year 2019-20 are at final stage of compilation at Head Office. As the compilation of accounts is delayed in comparison to previous year due to extra ordinary circumstances under COVID-19, the laying of audited Balance Sheet for 2019-20 in both the Houses of Parliament may surpass the stipulated time limit of 31.12.2020. Largely the period of delay in same will depend on time taken by the Comptroller and Auditor General of India in finalization of audit report.”

19. The Committee considered the matter of delays in laying of the Annual Reports and Audited Accounts of the EPFO, New Delhi, for the years from 2015-2016 to 2019-2020 and on the issue took evidence of the representatives of the Ministry and the EPFO, New Delhi, on 04.01.2021.

20. The Secretary, Ministry of Labour & Employment, in response to the queries raised by the Committee regarding delays, submitted during oral hearing, as under: -

“...the annual report for 2015-16 was laid in Lok Sabha on 24th July of 2017 and in Rajya Sabha on 26th July 2017. The annual report was received in the Ministry on 3rd April, 2017. The same was laid in the next Session on 24th July, 2017 in Lok Sabha during the Monsoon Session... in the Ministry it was received on the 3rd of April, 2017 and placed before the Lok Sabha on 24th of July, 2017. The delay is that of about 21 days and it depends on the Session. It was placed before the House in the Monsoon Session.....In the year 2016-17 the Annual Report was received on 20th of July, 2018. At that time queries were raised by the Ministry, so, finally it was received on 14th June, 2019. Immediately, thereafter on 1st July, 2019 it was placed before the Lok Sabha and on 3rd of July, 2019 before the Rajya Sabha. In 2017-18 the Report was received on 18th of March”.

21. Upon persistent and detailed inquiry by the Committee regarding delays for the years 2016-2017 and 2017-2018, the Ministry submitted that for the year 2016-2017, the Report was received in the Ministry on 20th July, 2018 and that, -

“...thereafter some queries were raised as at that time the EPFO had made some changes in their account structure. Their regional offices were increased from around 40 to 120. So, there were changes. Some questions were asked and finally the consolidated Report was received on 14th June, 2019. After that, in a very short time it was placed before the Lok Sabha on 1st July, 2019”.

Similarly, clarifying about the delay of 183 days for the year 2017-18, the Ministry added that the Report was ready on 18th March, 2020, but could not be placed because the Session did not take place because of COVID-19. The Session then took place in September.

22. When asked about the assurance that the EPFO is giving the Report to the Ministry well in time so that after the financial year is over, within the next nine months the Report can be laid and upon inquiry into steps being taken to ensure that the EPFO is giving their Annual and Audited Reports well in time, the Ministry submitted as following: -

“With regard to the EPFO, definitely there are delays. If we are placing the Report of 2015-16 in 2017, it means we are placing it almost seven months after the schedule. On that I think we can have a more detailed discussion. The EPFO has prepared a Presentation also. We can go through that”.

23. When asked about the changing from cash to accrual-based system and its impact on accounting in the following year, the representatives of the EPFO, submitted as under: -

“Very true, Sir. In fact, the preparation had started much earlier. C&AG suggested that all the autonomous organizations will have a common format under which they will move to this system. Hardly in three-four years we have moved to the accrual base system. To ensure that there is no discrepancy and there is a smooth transition, our financial advisor will tell you, we are keeping both the accounting patterns so that we can reconcile. That has put an additional burden on us.

As the Secretary was telling, the number of our offices increased from 40 to 135 and that also has added burden on us. This happened simultaneously in that particular period. So, there was a lot of burden on us. We introduced the centralized payment system. Sir, this Rs.1.5 lakh crore come to us through the centralized payment system. But if you look at the disbursements, whether it is the PF withdrawals or the pension withdrawals, they are still decentralized. Therefore, each and every office becomes a separate unit for collation of this data. We are trying to go for a centralized payment system. We have asked CDAC, which is a Government of India organization in IT, to do that”.

24. Regarding query of the Committee as to who actually is responsible for the delay, Government or the Organization and what are the specific challenges where the delay is coming through, the Central PF Commissioner, responded as under: -

“Sir, let me put it this way that we have kept a time schedule. There is a time schedule, definitely by 10th of December for the previous accounting year there should be completion of these accounts and everything. But it is not that only EPFO is responsible or the Ministry is responsible or the C&AG is responsible. It is because all different authorities have to play a role and there is a lot of communication involved. Suppose we present a data to C&AG and C&AG looks for certain answers which may take time. I am not saying that there is any wilful default on anybody’s part. These are genuine delays and that is why we also give the statement of delay and we lay it in Parliament. But we have not failed to submit our accounts. Our accounts, the whole process is moving on not at the

desired pace, I would not say so, but yes, they are definitely moving in a much better fashion”.

The Commissioner further clarified, -

“Sir, I do not defend that position that as per the statutory obligations, I am supposed to submit and complete all my reports on time and submit it to the Parliament. However, as I have mentioned, there are certain issues which take time to get settled in terms of finality. So, unless that happens, the report to the hon. Parliament cannot go. As a strategy what we have decided is that the annual report, because the law also permits us that it can be laid separately and the accounts, because there are other agencies involved, I cannot commit on their behalf, but at least we will ensure that our annual reports are laid before the Parliament as per schedule and there should not be any delay in that.

As regards annual accounts, let me explain it again, there are other agencies that are involved. I do not want to say anything against any organisation because every organisation has an important role to play but sometimes it takes seven to eight months to get those accounts scrutinised by C&AG. So, there are issues. Sometimes it takes hardly three months to get those accounts settled. Like this time, we have submitted our accounts to C&AG on 3rd of December. They also appointed a team on 16th of December and we have also urged, in view of hon. Committee taking up this matter, that you please get it done fast. I am very hopeful that this year the C&AG team will also do it much faster. Let me assure you that this year despite COVID not having ended, we will try our level best to get these annual reports as well as the annual accounts – annual accounts of course will go beyond – but annual report is already prepared and we will have a CBT meeting and we will lay before the Parliament.

Observations/Recommendations

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.

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.

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.

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.

New Delhi

RITESH PANDEY

December , 2021
Agrahayana, 1943 (Saka)

Chairperson
Committee on Papers Laid on the Table

Annexure-I

Pattern of Funding of EPFO by Government of India:

(Amount in Crore Rs.)

Sl. No.	Name of Scheme	Pattern of Funding	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Government Share of Contribution under Employees Pension Scheme-1995	Central government contributes @ 1.16% of wages in Public Accounts, Under EPS,1995.	2299.80	3030.20	3525.00	4040.18	3900.00
2.	Minimum of pension of Rs.1000/-P.M to pensioners under EPS-1995	A grant-in-aid is Paid by the Central Government Towards reimbursement of pension disbursed By EPFO to cover shortfall for Providing minimum pension of Rs.1000/-P.M. to pensioners w.ef.01.09.2014.	-	509.80	500.00	1071.00	1000.00
3.	Pradhan Mantri Rozgar Protsahan Yojna (PMRPY)	Incentive to Employers for new employment Creation by central government. EPS-95 employers' contribution (8.33% Of wages)is paid by Government.	-	-	124.95	470.25	2900.95
4.	(Pradhan Mantri Paridhan Rozgar Protsahan Yojna (PMRPY)	Incentive to Employers of textile sector for new employment creation, by central government. Total employers' contribution (12%of wages)is paid by Government.			30.00	12.00	1144.48

Annexure-II

Dates on which the EPFO approached the audit authorities to appoint the auditors for auditing the accounts, dates of their appointments and time taken in appointments after closure of each financial year

2015-16	2016-17	2017-18	2018-19
05-08-2016	30-01-2018	02-01-2019	13-09-2019
Date of Appointment 15-11-2016	Date of Appointment 06-02-2018	Date of Appointment 08-01-2019	Date of Appointment 23-09-2019
Time Taken in appointment (7.5 months apprx.)	Time Taken in appointment (10 months)	Time Taken in appointment (10 months)	Time Taken in appointment (6 months apprx.)

Annexure-III

Dates of compilation of annual accounts of the EPFO and time taken after the closure of the respective accounting years

2015-16	2016-17	2017-18	2018-19
02-08-2016 & 04-10-2016(for Common Format)	26-01-2018 & 27-02-2018(for Common Format)	28-12-2018	11-09-2019
Time taken after the closure of the respective accounting years-6months	Time taken after the closure of the respective accounting years-11months	Time taken after the closure of the respective accounting years-9 months	Time taken after the closure of the respective accounting years-5months

Annexure-IV

Dates on which the annual accounts were submitted to auditors for auditing and time taken after appointment of auditors

2015-16	2016-17	2017-18	2018-19
05-08-2016 & In Common Format on 04- 10-2016 Time taken after appointment Of auditors; (3 months approx.)	30-01-2018 & In Common Format on 27-02-2018 Time taken after appointment Of auditors; (6days.)	02-01-2019 Time taken after appointment Of auditors; (5days.)	13-09-2019 Time taken after appointment Of auditors; (9days.)

Annexure-V

Dates and duration of auditing the annual accounts of the EPFO by the auditors

2015-16	2016-17	2017-18	2018-19
15-11-2016 to 21-12-2016	06-02-2018 to 10-03-2018	08-01-2019to 06-03-2019	23-09-2019to 14-11-2019

Annexure-VI

Dates of queries raised by auditors during auditing of annual accounts and time taken after submission of annual accounts to the audit authorities and the dates on which the replies to the audit queries were furnished to the auditors and the time taken to resolve these queries

2015-16	2016-17	2017-18	2018-19
Queries were raised between 15-11-2016 to 21-12-2016 And were replied within 2-3days	Queries were raised between 06-02-2018 to 10-03-2018 And were replied within 2-3days	Queries were raised between 08-01-2019to 06-03-2019 And were Replied within 2-3days	Queries were raised between 23-09-2019to 14-11-2019 And were Replied within 2-3days

Annexure-VII

Dates on which draft audit reports were issued by the audit authorities and time taken after receipt of annual accounts

2015-16	2016-17	2017-18	2018-19
27.01.2017 Time taken after receipt of annual accounts-5 months & 22days	04.05.2018 Time taken after receipt of annual accounts-4 months& 4days	16.04.2019 Time taken after receipt of annual accounts-3 months & 13days	17.12.2019 Time taken after receipt of annual accounts-3 months & 4days

Annexure-VIII

Dates on which the final audit reports were received by the EPFO and time taken after issue of the draft reports

2015-16	2016-17	2017-18	2018-19
18-05-2017	22-06-2018	23-07-2019	06-08-2020
Time taken after issue of the draft reports-4 months apprx.	Time taken after issue of the draft reports-1.5 months apprx.	Time taken after issue of the draft reports-3 months apprx.	Time taken after issue of the draft reports-8months apprx.

Annexure-IX

Dates of finalization of annual reports and time taken after receipt of the final audit reports.

2015-16		2016-17		2017-18		2018-19	
Annual Report	Audit Reports	Annual Report	Audit Reports	Annual Report	Audit Reports	Annual Report	Audit Reports
13.12.2016	18.05.2017	27.03.2018	22.06.2018	04.03.2020	23.07.2019	08.09.2020	06.08.2020

Annexure-X

Dates on which documents were got approved from the competent authority and time taken after finalization of the annual reports.

A – Annual Accounts

2015-16	2016-17	2017-18	2018-19
23.11.2017	26.06.2018	21.08.2019	09.09.2020
Time taken after finalisation of the Annual Reports: 11 months apprx.	Time taken after finalisation of the Annual Reports: 2 months apprx.		

B- Annual Reports: Dates on which approved by competent authority.

2015-16	2016-17	2017-18	2018-19
19.12.2016	13.04.2018	05.03.2020	09.09.2020

Annexure-XI**Annual Accounts and Annual Reports: Respective Dates of Translation and Printing**

Documents	2015-16	2016-17	2017-18	2018-19
Annual Accounts	30.11.2017	24.07.2018	25.09.2018	22.09.2020
Annual Reports	20.12.2016 & 17.03.2017	16.05.2018 & 05.06.2018 & 09.05.2019 & 30.05.2019	06.12.2019 & 24.12.2019	24.08.2020 & 15.09.2020

Annexure-XII

Dates and time taken for sending the documents to the Ministry for being laid in the House after the completion of printing work.

Documents	2015-16	2016-17	2017-18	2018-19
Annual Accounts	01-12-2017 Next Day	27-07-2018 (2days)	01-10-2019 (5days)	28-09-2020
Annual Reports	03.04.2017 (16 days)	20.07.2018(45 days) & 14.06.2019 (revised) (14days)	18.03.2020 (6days)	21.09.2020 (5 days)

Annexure-XIII

Dates of laying of the documents on the Table of the House and time taken by the Ministry in the process of laying of the documents after receipt of the annual reports and audited accounts from the EPFO.

A – Annual Accounts.

2015-16	2016-17	2017-18	2018-19
Lok Sabha 05.01.2018	Lok Sabha 10-08-2018	Lok Sabha 25.11.2019	Both the Houses of Parliament were adjourned sine die on 23.09.2020. While the Annual Accounts of EPFO was received after adjournment, Annual Report was received two days before adjournment. Hence, these papers will be processed for being laid on the Table of the Houses in the ensuing session.
Rajya Sabha 20.12.2017	Rajya Sabha 10-08-2018	Rajya Sabha 27.11.2019	

B – Annual Reports.

2015-16	2016-17	2017-18	2018-19
Lok Sabha 24.07.2017 (21 days)	Lok Sabha 01.07.2019 (16 days)	Lok Sabha 19.09.2020 (183 days)	Both the Houses of Parliament were adjourned sine die on 23.09.2020. While the Annual Accounts of EPFO was received after adjournment, Annual Report was received two days before adjournment. Hence, these papers will be processed for being laid on the Table of the Houses in the ensuing session.
Rajya Sabha 26.07.2017 (23 days)	Rajya Sabha 03.07.2019 (18 days)	Rajya Sabha 18.09.2020 (182 days)	

Annexure-XIV

Activity wise Action Plan for Preparation of Annual Report

Sr. 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.	1 st Oct. to 15 th Oct.
4.	Translation and printing of the Annual Report.	16 th October to 15 th November.
5.	Submission before EC and CBT.	1 st December.
6.	Submission to MOLE for laying before Parliament by 20th December of financial year.	12 th December.

Annexure-XV**Activity wise Action Plan for Preparation of Balance Sheet (2018-19)**

Sr. No.	Activity	Timeline
1.	Issue of instruction to Accounting Units with Excel Programme (already issued)	25.03.2019
2.	Reconciliation of Banking section data with NDC	30.04.2019
3.	Compilation of Annual Accounts by Regional Offices 15.05.2019	15.05.2019
4.	Compilation of Annual Accounts by ZOs/HO/PUDNASS	31.05.2019
5.	Checking of Annual Accounts at HO	15.06.2019
6.	Submission of Final Accounts by Field Offices (Both from Zones and Regional Offices)	30.06.2019
7.	Compilation of Annual Accounts by HO	31.07.2019
8.	Submission to CAG for Audit	31.07.2019
9.	Audit by CAG	30.09.2019
10.	Printing etc. of Annual Accounts	15.10.2019
11.	Submission before FIAC, EC and CBT	31.10.2019
12.	Submission before Parliament	15.11.2019

APPENDIX-I

**THE EXTRACTS OF MINUTES OF THE FIRST SITTING OF
THE COMMITTEE ON PAPERS LAID ON THE TABLE
(2020-2021)**

The Committee sat on Monday, 4th January, 2021 from 15:00 hrs to 18:00 hrs. in Committee Room "D", Parliament House Annexe , New Delhi.

PRESENT

Shri Ritesh Pandey - Chairperson

MEMBERS

2. Shri Shafiqur Rahman Barq
3. Shri Jamyang Tsering Namgyal
4. Shri T.N. Prathapan
5. Shri Saptagiri Ulaka
6. Shri Ashok Kumar Yadav

SECRETARIAT

1. Smt. Suman Arora - Joint Secretary
2. Smt. B. Visala - Director
3. Shri Munish Kumar Rewari - Additional Director
4. Shri R.K. Chaudhary - Under Secretary

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**REPRESENTATIVES OF THE MINISTRY OF LABOUR AND EMPLOYMENT AND
THE EMPLOYEES' PROVIDENT FUND ORGANISATION (EPFO), NEW DELHI**

1. Shri Apurva Chandra - Secretary, (L&E)
2. Shri Sunil Barthwal - Central PF Commissioner
3. Shri R.K. Gupta - Joint Secretary
4. Shri Hemant Jain - FA&CAO
5. Shri Rajiv Bisht - Additional PF Commissioner
6. Ms. Udita Choudhary - Additional PF Commissioner
7. Shri Rahul Bhagat - Director

5. Thereafter, the Committee then called the representatives of the Ministry of Labour and Employment and the Employees' Provident Fund Organisation (EPFO), New Delhi.

6. The Chairperson welcomed the representatives of the Ministry and EPFO to the sitting of the Committee and explained the purpose of convening the meeting. The Chairperson also explained to the witnesses about the provisions of Direction 58 of Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings.

7. The Secretary of the Ministry and Commissioner of the EPFO, submitted before the Committee that the delay was on the part of EPFO, C&AG and the Ministry. They also submitted the reasons for the delays i.e. changes in EPFO account structure, regional offices were increased, introduced the new centralized payment system, period of COVID, resolving the queries raised by auditors and Ministry, translation, printing and sending it to the Ministry.

8. The representative submitted before the Committee that steps have been taken to rectify the reasons for delay and that requisite documents for the years 2018-2019 and 2019-2020 will be laid as soon as the Budget session starts. The representative also assured that the directions given by the Committee will be well accepted and they will try their best for ensuring that such delays do not occur in future.

9. Thereafter, the Hon'ble Chairperson thanked the representatives of the Ministry for the useful discussion in connection with examination of the subject.

The witnesses then withdrew.

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The Committee then adjourned.

copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

**THE MINUTES OF THE SECOND SITTING OF THE
COMMITTEE ON PAPERS LAID ON THE TABLE (2021-2022)**

The Committee sat on Monday, 06th December 2021 from 15:00 hours to 16:30 hours in Committee Room "C", Parliament House Annexe , New Delhi.

PRESENT

Shri Ritesh Pandey - **Chairperson**

MEMBERS

2. Dr. Shafiqur Rehman Barq
3. Dr. A. Chella Kumar
4. Shri Pallab Lochan Das
- 5 Choudhary Mehboob Ali Kaiser
- 6 Shri T.N. Prathapan
7. Shri Saptagiri Sankar Ulaka
8. Shri Ashok Kumar Yadav

SECRETARIAT

1. Smt. Suman Arora - Joint Secretary
2. Shri Munish Kumar Rewari - Additional Director
3. Smt. Manjinder Pubbi - Under Secretary

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2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee.

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3. Thereafter, the Committee took up for consideration, the eleven draft Reports (Original/ATR) regarding the delay in laying the Annual Report and Audited Accounts of the following organisation :-

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1. Employees Provident Fund Organisation (EPFO), New Delhi;

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4. After deliberations, the Committee adopted all the eleven (11) Reports without modifications.

5. The Committee authorised the Hon'ble Chairperson to present these Reports to the Parliament.

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The Committee then adjourned.

