



कर्मचारी भविष्य निधि संगठन
(श्रम एवं रोजगार मंत्रालय, भारत सरकार)

EMPLOYEES' PROVIDENT FUND ORGANISATION

(Ministry of Labour & Employment, Govt. of India)

मुख्य कार्यालय / Head Office

भविष्य निधि भवन, 14-भिकाजी कामा प्लेस, नई दिल्ली-110 066.
Bhavishya Nidhi Bhawan, 14, Bhikaji Cama Place, New Delhi - 110 066.

No.C-Ex/Misc/Comp. Audit/2009

Dated:

10 अक्टूबर 2011
OCT 2011

To

All Additional CPFCs (Zones)
All RPFC's (Regions)
All Officers-in-charge (SROs).

Sub:- Compliance Audit of Exempted Establishments – reg.

Sir,

A comprehensive compliance audit of all exempted/relaxed establishments for period upto 31/03/2011 (u/s 17(1)(a)/para 79 or para 27A) shall be carried out by all offices from 01.11.11 to 31.12.11.

The findings of the compliance audit is to be submitted in the proforma (Annexure-I) enclosed herewith, which should be duly filled up by the inspecting squad and submitted to their office for further necessary action.

2. Officer in charge shall ensure that the Compliance Audit is completed in a time bound manner by forming sufficient number of squads so that all the establishments are inspected by 31.12.11. It shall be the responsibility of the officer in charge to ensure that the inspecting teams are properly briefed and their tour programmes are approved well in advance so that the time lines are strictly adhered.

3. It has been observed in some cases that the compliance audit reports forwarded to Head Office are incomplete particularly where the P.F Trust of the establishment is located outside the jurisdiction of the concerned RPFC. In such cases the officer in charge should ensure that, either the relevant records are called for from the establishment or a reference be sent to the concerned RPFC in whose jurisdiction the trust is located to inspect the records of the trust and submit the required information in a time bound manner. Under no circumstances incomplete report should be submitted by the squad. It is also clarified that the compliance audit is to be conducted both in respect of the establishment as well as on its P.F Trust a thorough inspection of all

relevant records should be made before recording the observations in the proforma (Annexure-I).

4. After the completion of the compliance audit of all exempted establishments, a report thereof be submitted to Head Office by the RPFC-I of the region in Annexure-II by 15.01.12 alongwith a soft copy at rpfexm@rediffmail.com.

(This issues with the approval of CPFC)

Yours faithfully,

A handwritten signature in black ink, appearing to be 'K.C. Pandey', with the date '21/10' written below it.

(K.C. Pandey)
Additional Central P.F. Commissioner (Compliance)

Copy to:- The RPFC (NDC) with a request to upload the circular on the EPFO website.

ANNEXURE -I

REPORT OF THE FINDINGS OF COMPLIANCE AUDIT

(I) DETAILS OF THE ESTABLISHMENT:

- I. Name of the establishment:-
- II. P.F. Code no of the establishment:-
- III. Date of audit:
- IV. Period up to which audit carried out: Up to _____.
- V. Date of coverage:
- VI. Names, addresses of braches/ departments:
- VII. Whether relaxation has been granted by the commissioner in terms of para 79 of the Scheme:
- VIII. Whether granted exemption under Section 17(1) (a), 17(1) (b), para 27,27A.
- IX. If exempted u/p 27, the employment strength of the establishment and the total no. of employees exempted:
- X. If exempted u/p 27A, the class of employees exempted and total no.:
- XI. The no. of "excluded employees" by virtue of drawing more than Rs. 6500/- per month:

AGSINST ALL THE POINTS BELOW, THE INSTANCES OF VIOLATIONS/DISCREPANCIES BE NOTED CLAEARLY FOR NECESSARY ACTION.

(II) REMITTTANCS & RETURNS:

- Whether the contribution payable at the rate prescribed under the Act are transferred to the Board of Trustees by the employer by 15th of each month following the month for which the contributions are payable.
- Whether contribution to EPS dues have been deposited by 15th of each month.
- In case of default furnish month-wise details:
- Whether any dues are pending. Provide details of the assessment made u/s 7A and recovery actions initiated.
- In case of delayed remittances, whether interest in terms of Section 7Q & damages U/s 14B of the Act has been levied upon and received from the employer.

- Whether the employer has paid prescribed inspection charges within 15 days from the close of every month.
- If not, furnished months-wise details:
- Whether there are any assessed damages outstanding against the employer:
- Whether the Board of Trustees and the employer file the prescribed monthly/annual returns within the specified time limit. If not, whether suitable penal action has been taken against the Board of Trustees and the employer jointly.

(III) CLAIM SETTLEMENTS & ACCOUNT SLIPS & GRIVANCES:

- Whether all claims are settled within the maximum time frame prescribed by the EPFO.
- Whether there is an effective mechanism for redressal of grievances regarding claim settlement (e.g. register of grievances etc.). If yes, the same may be verified and described.
- Verification of the rejected/ returned claims:
 - The total no. of claims returned/ rejected during the year-
 - Percentage of the total claims during the year-
 - Reasons for returns / rejections as verified from records-
- Whether the accounts in respect of the employees are maintained electronically. Whether the members have access to their accounts and are able to see their account balance from the computer terminals.
- Whether the board of trustees issued an annual statement of account or passbook to every employee within six months of the close of the Financial/ accounting year free of cost once in a year.
- In case if an employee who is already a member of the EPF or the PF of an exempted establishment is employed, whether his accumulations with his previous employer has been transferred and credited in to his account by his new employer.

- The problems/grievance of the employees as expressed by their representative Union or the employees trustees be listed. Their Claim related difficulties be specialty recorded.

(IV) ENROLMENT & CONDITIONS:

Whether all the employees as defined under section 2(f) of the Act are enrolled as members .

- Total number of P.F members in the trust. Details in respect of contributing and non contributing members be furnished.
- In case of exempted/relaxed under section 17(1)(a)/Para 79 whether all the contract employees are enrolled to the trust . Details of the contract employees and contractors be furnished.
- In case of exemption under para 27 or 27A of the EPF Scheme, whether the contributions of employees other than those in respect of which exemption has been either granted or applied for have been remitted into the statutory fund with the RPFC.

The no. of employees exempted u/p 27/27A-
The no. of unexempted employees-

- In respect of employees engaged by or through independent contractors with separate provident fund code numbers, compliance would be into the statutory fund as unexempted establishments. The following details be furnished –

S. No.	Name of the Contractor	PF code no.	No. of employees engaged through the contractor	Office of EPFO where compliance is being reported	Compliance made upto
1	2	3	4	5	6

- A brief description of the mechanism adopted by the principal employer to ensure proper compliance by such contractors--

(v) RATE OF INERTEST:

- Whether the interest declared by the Board of Trustees is at par with or higher than that declared by the Central Govt. If not, whether the employer has made good the deficiency to bring it up to the statutory limit. Furnish the details

(vi) **INVESTMENTS:**

- Whether the Board of Trustees have invested (within 2 weeks from the date of receipt of the said contributions) the amount of the provident fund as per the directions to the Govt. from time to time.

Total Invested Corpus including SDS A/c (as on _____) = Rs.

Break-up of total investments made during the year 2010-11 be provided in the below format

Investment Pattern	% amount invested	Norm	Reasons for deviation, if any
1) Central Govt. Securities		not less than 25%	
2) State Govt. Securities		not less than 15%	
3) Securities of Public Financial Institution etc		not less than 30%	
4) Private Sector bonds/ securities		not more than 10%	

- Whether on failure to invest as per the above norm, the Board of Trustees separately and jointly have been made liable to pay surcharge.
- The total amount retained for obligatory outgoing/expenses (as on _____).
- Whether the amount retained for obligatory expenses are reasonable and proportionate to the amount required for claim settlement etc.
- Whether the securities have been obtained in the name of the Trust and in dematerialized (DEMAT) form.
- Whether the Board of Trustees has maintained a script wise register and has ensured timely realization of interest.

- Whether DEMAT account has been opened through depository participants approved by RBI and Central Govt. in accordance with the instructions.
- Whether all the investments made like purchase of securities and bonds have been lodged in the safe custody of depository participants.
- Whether the details of the depository participants in whose safe custody the investments made in the name of the Trust viz, in securities, bond etc. have been lodged have been intimated to the RPFC.
- Whether the Board of Trustees while raising sums of money for meeting obligatory expenses such as settlement of claims etc. have taken prior approval of the RPFCs for sale of the securities or other investments.
- Is there any case of non delivery of contracted/purchased securities/bonds/ script
Furnish details.
- Whether any case of securities/ bonds which could not be redeemed/encashed even after their date of maturity. If yes complete details thereof.

(VII) AUDIT OF ACCOUNTS:

- Whether the accounts of the provident fund as maintained by the Board of Trustees are audited annually by a qualified independent Chartered Accountant.
- The date of submission of a copy of the auditors' report along with the audited balance sheet to the RPFC concerned.
- Whether it is ensured that the same auditors are not appointed for two consecutive years and for not more than two years in a block of six years.
- Whether the company has reported losses for three consecutive financial years or erosion in its capital base thereby invoking condition no 25 of para 27AA.
- Whether a show case notice/proposal for cancellation of exemption has been sent for violation of conditions 25 of para 27AA of the EPF Scheme 52.
- Whether the establishment is registered with BIFR.

- Whether the establishment is closed. If yes, whether any action has been initiated for withdrawal of relaxation/ forwarding of proposal for cancellation of exemption. Please specify with complete details.
- Whether all commission, incentive, bonus or other pecuniary rewards given by any financial or other institution for investments made by the Trust have been credited to the trust's account. Furnish details.
- Whether any loss been caused to the provident fund?
- Whether the loss to the PF trust has been made good by the employer/establishment.
- Complete details of the loss made good/recouped by the establishment including amount, cheque/D.D no and date of credit in the trust account.
- Whether all the expenses of the administration of the provident fund has been borne by the employer. Furnish details.
- A special note to be given on treatment of investment whether it is marked to market or amortised or booked on face value with profit and loss transferred to a separate proforma account etc.

(VIII) OTHER BENEFITS:

- Whether all amendments to the EPF Scheme which are more beneficial to the employees than the existing rules of the trust have been automatically made applicable pending formal amendment of the rules of the Trust.
- Whether any amendment of the rules has been made by the employer without the prior approval of the RPFC.

(IX) EDLI SCHEME COMPLIANCE:

- Whether exempted under Section 17 (2A) OR 17(2B) of the Act or relaxed under paragraph 28 (7) of the Employees' Deposit Linked Insurance Scheme, 1976.
- If yes, Notification/ Order no. and date of issue by appropriate authority/Government.
- The date of expiry of the exemption.

- Whether application for extension of exemption has been made.
- If not, action taken for securing compliance as unexempted
- Whether the insurance policy purchased by the establishment has been revised in view of the revision of EDLI benefits by EPFO vide notification dated 18.06.10
- If complying as unexempted for EDLI whether the dues have been deposited timely.

(X) Whether Board of Trustees has been duly reconstituted under the chairmanship of the employer? If so when?

(XI) Complete details of all the participating units (if any) in the trust be provided in the below format.

Sr. No.	Name of the P.F. Trust	Name of the participating Unit/establishment	P.F. Code No.	No. of P.F members	Whether exempted or relaxed	RPFC who granted relaxation/per-mission for participation	Effective date of relaxation

- Whether atleast one representative each of the participating units has been made a member of the common PF trust as per the provisions of para 79(C)(1)

(SIGNATURES, NAMES & DESIGNATIONS OF THE MEMBERS OF THE AUDIT TEAM)

Annexure-II

Summarised Information Regarding Exempted Establishments

Office: _____ Region: _____ Zone: _____

PART 'A'

1. Details of all the establishments exempted or relaxed under section 17(1) or under para 27/27A/79 (including cases where exemption applications are under process) –

S No.	Name	Whether exempted or relaxed u/s 17(1)(a) u/p 27A/27/79 (mention the relevant section or para only)	Exempted/ Relaxed w.e.f.	If exempted, the notification no. & date. Otherwise, the relaxation order no. & date.	Whether the establishment has a separate code no for compliance under EPS-95	Total no. of employees 'exempted' (from EPF Scheme, 1952)	If exemption proposal pending with Head Office give reference no.
1	2	4	5	6	7	8	9

2. Details of exempted establishments that are closed/ under liquidation or where recovery or other actions are stayed by any Court:-

S No.	Name of the estt.	PF no.	Code	Whether closed or under liquidation or stay order of any Court	Amount of dues recoverable	Whether relaxation withdrawn/ proposal for cancellation of exemption submitted to Head Office
1	2	3	4	5	6	6

3. Exempted establishments in default:-

S No.	Name of the estt.	PF no.	Code	Exemption u/s 17(1)(a)/para 27A/para27	Nature of Default	Action Taken
1	2	3	4	5	6	

4. Exempted establishments (u/p 27A) which have obtained separate PF code nos. for compliance with the RPFC in respect of the unexempted category of employees:-

S No.	Name of the exempted estt.	Code no.	Code no.(s) for compliance of unexempted employees	Compliance made upto
1	2	3	4	5

5. Exempted establishments under section 17(1) which have obtained separate code no.(s)/sub-code no.(s) for compliance of contract employees with the RPFC:-

S No.	Name	Code no.	Sub-Code no.(s)	Compliance made upto
1	2	3	4	5

PART 'B'

1. Total no of exempted establishments in the office-
2. Total no. of establishments where compliance audit was conducted-
3. The establishments where violations of the conditions of exemption were detected-

S No.	Name of the estt.	PF Code no.	Date of Compliance audit	Nature of violations	Whether the relaxation withdrawn/ proposal for cancellation of exemption submitted to Head Office.	Remarks
1	2	3	4	5	6	

4. Certified that except in the cases mentioned above under point 3 above, no other establishment was found to have committed a significant violations of the conditions of exemption and hence against them no action(s) prescribed under the Act/ Scheme is required at present.

**Regional PF Commissioner/
Officer-in-charge**