



सत्यमेव जयते

## कर्मचारी भविष्य निधि संगठन

Employees Provident Fund Organisation

(श्रम एवं रोजगार मंत्रालय, भारत सरकार)

(MINISTRY OF LABOUR & EMPLOYMENT, GOVERNMENT OF INDIA)

मुख्य कार्यालय/Head Office

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To,

All Addl. CPFC (HQ) Zones/Director(PDNASS)

All Addl. CPFC (Zones)

All RPFCS/OIC-in-charge of Regional Offices

Dy. Director/Asst. Director(Internal Audit Parties)

### CIRCULAR

#### **Sub: Planning & Preparing for Audit and Performing the Audit Engagement – reg**

To facilitate better compliance with the preparatory activities for the Audit Exercise, as outlined in Paragraph 3.4.1 (Planning and Preparing for Audit) and 3.4.2 (Performing the Audit Engagement) of the Audit Manual, the various audit activities to be followed in chronological order are elaborated below :

**1. Audit Guidelines:** Audit guidelines refer to the principles, procedures, and best practices that guide the execution of audits. They provide the framework for how audits should be conducted and outline standards to ensure consistency, quality, and compliance across audits. These guidelines are periodically prepared by the Head Office (HO), keeping in mind the objectives and scope of the internal audit, the availability of resources, developments in the organization across various areas of work, potential risk factors, and guidelines received from the Comptroller and Auditor General (CAG) and the Ministry of Labour & Employment.

**2. Annual Audit Plan:** The Audit Division at the Head Office, in consultation with all Divisional Heads at the Head Office and the Zonal Offices, should develop and document an Annual Audit Plan that outlines the priority areas or focus areas for the audits to be conducted during the year. This plan should be issued to the Zonal Offices and Internal Audit Parties (IAPs) in December for the upcoming financial year. The Annual Audit Plan be made within the scope of Audit Guidelines.

**3. Audit Calendar:** Based on the Audit Guidelines and the Annual Audit Plan issued by the HO, the Zonal Offices must prepare an Audit Calendar for the IAPs in January of each year for the upcoming financial year. The Head Office will prepare the Calendar for the IAPs posted at HO. This calendar is a detailed schedule or timeline that outlines specific dates and time frames for the various audit activities to be conducted throughout the year. In cases where an IAP oversees offices in multiple zones within its jurisdiction, the Zonal Office, where the IAP's office is headquartered, will collaborate with other concerned Zonal Offices to develop the Audit Calendar, adhering to the guidelines established by the HO. A copy of the calendar must be sent to the Head Office, which may make corrections, if necessary.

**Format for Audit Calendar:**

<b>IAP Team</b>	<b>Auditee Office</b>	<b>Audit Period</b>	<b>Start Date</b>	<b>End Date</b>

**4. Opening of Working File:** To ensure documentation of the audit process and accountability of Audit Officials, a working file should be opened in the e-office by the IAP. The proposed audit schedule should be recorded in this file, in accordance with the approved Audit Calendar, and sent to the concerned Zonal Office/HO as applicable. All preparatory activities leading up to the audit must be carried out within this file before it is forwarded back to the IAP for conducting the audit. The working file should be collected by the Zonal Office/HO along with the Draft Audit Report (DAR) and the IAP's comments on the replies of the Officer in Charge (OIC) of the concerned Regional Office to the DAR. The Final Audit Report (FAR) and follow-up actions will also be documented in this working file. This file should be opened for each office to be audited after the Audit Calendar is issued. A checklist for the working file is provided as Annexure-III in the Audit Manual.

**5. Audit Planning Memo:** An Audit Planning Memo outlines the scope, objectives, methodology, and timelines of the audit for a particular Auditee Office. It details the objectives of the audit and the focus areas to be addressed. As each office may have different concerns, the focus of the audit will vary depending on the specific risks and challenges faced by each office. The RPFC-I (Audit) of the concerned Zonal Office, in consultation with the Zonal Head, the OIC of the concerned Regional Office, and the DD/AD of the jurisdictional IAP, will determine the focus areas for each office, taking into account previous Audit Reports, CAG Reports, recent auditing experiences, Administrative Inspection Reports, and MIS reports. These focus areas are tailored to address the unique circumstances of each office. The preparation of Audit Planning Memo should be in consistent with the Audit Guidelines and the Annual Audit Plan including the Core Areas of Audit issued by HO. The memo should be issued at least one month before the proposed audit. A sample Audit Planning Memo is enclosed as **Annexure-I**.

For auditing the Head Office and Zonal Offices, the Audit Planning Memo will be issued by the Audit Division, HO, in consultation with Divisional Heads of the Head Office, the OIC of the Auditee Office, and IAP (HO). In the case of PDNASS, ZTI/Sub-ZTI, consultation will be done by the Audit Division, HO with the Director (PDNASS) instead of the Divisional Heads of HO. Other documents mentioned above will also be referred to. The ZO/HO should make available the Audit Planning Memo to the concerned Auditee Office and IAP, and share a copy of each Audit Planning Memo issued by ZO to the Head Office.

**6. List of Documents:** After issuing the Audit Planning Memo, the jurisdictional IAP Head should identify and prepare a list of documents necessary for an effective audit of an office, as outlined in the Audit Planning Memo. The list of documents should be forwarded to the RPFC-I (Audit), who will finalize it. Any additions or removals from the list suggested by the IAP should be documented with reasons in the Working File by the RPFC-I (Audit). This exercise should be completed at least 15 days before the proposed audit.

**Format for List of Documents:**

Sl. No	Section	Name of Documents	Soft Copy (yes/no)	Area of Audit

**7. Audit Intimation:** At least 15 days before the commencement of the audit, the IAP and the concerned Auditee Office should be intimated by the RPFC-I (Audit) of the Zonal Office/HO about the schedule of the audit. The Audit Intimation must include the objective of the audit, scope and period of the audit, estimated duration, names of IAP officials, information on Entry and Exit Conferences, and the list of required documents, with a request to the Officer-in-Charge of the Auditee Office to ensure the documents are ready. A sample Audit Intimation is enclosed as **Annexure-II**.

Any deviation from the above-mentioned activities may result in wastage of resources and compromise the effectiveness of the audit process. Therefore, it is essential to adhere to the above preparatory activities before commencing an audit.

{This issues with the approval of the ACC[HQ], Audit}

  
(B Lalzamang)

Addl. CPFC(Audit)

**Copy to:**

1. All Addl.CPFC(HQ)/ Addl. CPFC, Head Office - For information

**Sample Audit Planning Memo**

**1. Introduction**

This memo outlines the audit plan for \_\_\_\_\_ (Auditee Office) for the Financial Year \_\_\_\_\_.

**2. Audit Scope and Focus Areas**

- **Scope:** The audit will assess whether resources (financial, human, and non-financial) are being utilized effectively and economically to achieve the office's objectives. The audit will review compliance with relevant laws and regulations, evaluate internal control mechanisms, and assess risk management practices.
- **Focus Areas:** Based on Audit guidelines and Annual Audit Plan and Core Areas issued by HO and also on previous Audit reports including CAG report and inputs received from \_\_\_\_\_ (Officers concerned), the audit will focus on the following areas:

1. \_\_\_\_\_
2. \_\_\_\_\_

**3. Methodology**

The methodology used is generally as provided in the Audit Manual. Any alternate methodology employed will be explained here.

**4. Audit Timeline (It is to be prepared as per the Audit Manual chapter 3)**

Sl.No	Activity	Submitted to	Period
1	Audit of	-	Audit Period
2	Sending DAR for reply by IAP, ____	OIC of ____	Within 2 days of Exit Conference
3	Submitting of replies	IAP, ____	Within 15 days of receipt
4	Submitting of DAR with Comments	RPFC-I(Audit), ZO	Within 7 days of receipt of replies of DAR
5	Scrutiny, finalizing of DAR and issuing of Final Audit Report (FAR)	IAP, ____ OIC of ____	Within 15 days of receipt

**Sample Audit Intimation**

**1. Objective of the Audit**

This letter serves to inform you about the upcoming audit of [Auditee Office Name] for the [Audit Period/Year], as per the **Audit Planning Memo** dated \_\_\_\_\_ approved by the Zonal Office. The details of the audit schedule, objectives, scope, and required preparations are outlined below.

**2. Scope and Period of the Audit**

The Internal Audit Team shall assess the adequacy, robustness, accounting, financial and other operational domains in ZTI/field Office. Team will further identify instances of defalcation and fraud, convey findings to the management and propose remedial measures by recommendation for enhancing efficiency of existing system as per Audit Manual.

Activity	Start Date	End Date	Duration
Internal Audit	[Start Date]	[End Date]	[Number of Days] days

**3. Audit Team Members**

The audit will be conducted by the following team Officials:

Name of the Official	Designation

**4. Entry and Exit Conferences**

**5. Documents Required for the Audit**

List of Documents to be produced by the Auditee Office to the IAP is annexed.

**6. Request for Document Preparation**

Please ensure that all the above documents are made available and ready for review at the time of the audit. We request the Officer-in-Charge to coordinate with relevant departments and provide the necessary access to the auditors.