



EMPLOYEES' PROVIDENT FUND OFFICERS' ASSOCIATION
EMPLOYEES' PROVIDENT FUND ORGANISATION
MINISTRY OF LABOUR AND EMPLOYMENT, GOVT. OF INDIA
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29th November, 2021

To,

Shri Mukhmeet Singh Bhatia, IAS,
Central PF Commissioner,
Employees' Provident Fund Organisation,
New Delhi 100066

**Subject: Role & functions of Officer-in-Charge of Regional
Offices of EPFO – Regarding**

Sir,

The role of Officer-in-charge (OIC) in field offices of EPFO is a very crucial role as it connects the service delivery apparatus in the field offices to the higher supervisory structures in Zonal Offices and the Head Office, as well as with external stakeholders. We have observed that over the years there has been a creeping dilution of supervisory role of OICs with more and more original works being foisted on them, most recent being HO circular dated 24.11.2021 directing that final approval of claims of a specific category and claims over a particular monetary value would be finally approved by RPF-C-I. Vesting increasingly larger number of such "line" functions with OICs would render their supervisory and monitoring role completely superfluous, particularly in larger Regional Offices.

2. A similar circular on delegation of powers was issued in year 2019 but was kept in abeyance when the facts were laid before the then-CPFC (presently Secretary, L&E). The reasoning presented before the then-CPFC by the EPFOA is reproduced below for your kind consideration,

“12. Vide circular dated 21.05.2019, the financial powers for settlement of claims has been revised and it has been directed that where the settlement amount is between Rs. 5 Lakhs to Rs. 25 Lakhs the claim shall be approved by APFC/RPFC-II, and where the settlement amount is above Rs. 25 Lakhs the claims shall be settled by RPFC-in-charge of the Region.

13. Since it has not been deemed worthwhile to enlighten the general officer cadre of the organisation as to the reasons behind this sudden development and consider their inputs as part of the policy initiative, we can only presume that the reason behind these directions may be to check frauds in claims settlement. If indeed this is the case behind this initiative our humble submission may kindly be considered as below: -

a. At present, these high value claims are settled by Accounts Officers. The Concurrent Audit Cell flags such high value transactions through email to concerned RPFC almost on a daily basis, and the RPFC is required to verify the authenticity of the settlement process. However, now that the RPFC and other line officers are themselves approval authority in claims settlement, whether any thought has been given to who shall verify the day-to-day authenticity of the settlement process performed by these officers?

b. In fact now that all officers and staff of field offices are involved in the claims settlement process, the day-to-day monitoring of the settlement process conducted by RPFC-in-charge, RPFC-II (F&A) and APFC (Accounts) shall take a back seat to the performance of original task by these officers.

c. Claims settlement is largely a computerised process with little scope for manual intervention, hence, if frauds are to be prevented a better course of action would have been to further lessen human intervention rather than to simply escalate the claims approving authority.

d. Furthermore, if EPFO does not trust its own staff to settle high value claims, why trust the same staff to settle low value claims? Any analysis of fraudulent settlement in an office may reveal that usually in terms of overall fraud value it is the large number of low value fraudulent claims that are greater, rather than a few high value fraudulent claims. This is so as generally while settling high value claims most of the officials involved in the process are more vigilant and alert.

3. Such directions only tend to occupy increasingly larger share of OICs' time and energy without imparting any noticeable functional and/or operational improvements. If the object is to improve the timelines, efficiency and correctness of claims settlement process, it would be more appropriate that technical and business decisions are taken by EPFO, Head Office, to improve the same. Many suggestions are already submitted by our field offices regularly through formal channels as well as in the WhatsApp group, ZO/RO towards the same.

4. As a general rule we need mechanisms to correctly identify our members [KYC, bank account] and member balances. Once this is done, the claims settlement process should be fully automated. An urgent decision for mandatory verification of seeded bank accounts from the concerned bank would ensure that payments are made to correct beneficiary.

5. One of the primary reasons behind frauds in claim settlement are the systemic failure in upgrading the application software as well as failure to ensure due security audit of the software from a financial security point of view. A rat race to settle as many claims as possible with failing software is a recipe for disaster. Delegating original functions to the OIC cannot be the *panacea* for all ills plaguing the organisation. If a fraud is occurring due to systemic failure, it will occur again whether the claim is approved by an Accounts Officer or a RPFC-I. We need to address the core issues behind frauds and not just bump-up the approver level.

6. It is humbly requested that you may kindly consider these valuable suggestions. It is also requested to grant an urgent appointment for a physical meeting to the EPF Officers' Association as well as some field functionaries who are well versed with ground realities for discussing & deliberating suitable mechanisms to ensure fraud-free functioning in EPFO.

Thanking you.

Yours sincerely,



**[Saurabh Swami]
Secretary-General**