

Ref: CO/F&A/Prov fund/CPFU

Date: 29/08/2024

The Regional Manager (F&A)
All Zonal offices
LIC of India,

Dear Sir/Madam,

Re: Migration to new Provident Fund module

The Competent authority has approved the New Module -‘One LIC - One PF’ system in which all the PF payments will be centralized at PF Dept Western Zone (i.e. CPFU – Centralised PF Unit), forming part of WZ-F&A department. This is in line with the Corporate Guidelines for the year 2024-25.

The New PF Module is developed by SDC Hyderabad which will be available under OS/Employee module in e-Feap System. The operations under New PF Module will be operational from 02.09.2024 (technically effective from 01.09.2024 –Sunday).

The old system will be available for transactions upto 31.08.2024. It will remain open till 06th September 2024, for adjustment of remittances made from salary of August 2024 and also for settlements of retirement cases up to 31.08.2024.

Setup of New Module of Centralized PF Unit (CPFU):

- There will be no zone-wise isolation of data. All the data will be merged into one single PF unit which will be known as the Centralized PF unit (CPFU).
- Data and requests will flow from all operating units to CPFU.
- All payment requests will be processed at the respective salary preparation units (Eg: DO/ZO/Audit) and after validation by respective Zonal units will get escalated to CPFU for payment.
- All remittances will be received at the CPFU from the various salary preparation units i.e (Divisions, Zones, Central office, etc) and adjustments of PF remittances will be done at the CPFU.
- There will be system driven end-to-end solution for employee requests and processing of the same. EDMS integration will be done for all the requests from PF members to minimize paper work flow and processing.
- Existing/current practice of change/modification in Nomination will continue till further instructions.
- PF Certificate Master as at 31.03.2024 will be the base for migration to new system.
- As the Class IV employees will not be having access to eFeap module, OS department will have to enter the application on behalf of that employee after taking all forms including signed application in hard copy.

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- In case of revenue stamps, the current system of affixing or deduction in respective geographies will continue till further instructions.
- Current practice of taking hard copies of all the forms, for all PF Payments, will continue till further instructions. However, all these documents must be scanned and uploaded in the new module for further processing.

All Zones are instructed to also ensure safe keeping of hard copies of the same to comply with PF Rules, etc.

PURIFICATION OF DATA IN EXISTING MODULE

Purification of data is urgently required at all Zones. Considering the need of detailed checking of documents before processing of payments which usually run into lakhs of rupees, it has been decided to continue to have existing PF units in all Zones, till further instructions. Thereafter this setup at all zones will be reviewed based on experience in the new module.

Existing PF units at Zonal level will ensure the following jobs:

- i. Clearance of all identified differences in reconciliations of certificate master and PL by 15th Sep 2024.
- ii. Purification of data relating to duplicate record cases, DCP cases lying in PF, Pension optee cases whose CC and CCI are still lying in PF.
- iii. Following jobs will continue to be done at the respective Zonal PF units –
 1. Scrutinizing and checking of documents
 2. Passing and validation of vouchers for settlement
 3. Maintenance and safe keeping of documents received in physical form.

Accounting procedure in New Module of PF system:

I) COLLECTION AND ADJUSTMENT OF PF REMITTANCES:

Following are the types of PF remittances:

1. Monthly Salary Deductions as Employee Contribution
2. Monthly Salary Deductions as PF Loan Principal
3. Monthly Salary Deductions as PF Loan Interest
4. Monthly Salary Deductions as Additional PF
5. APF lumpsum paid across the cash counter
6. APF Arrears paid across the cash counter
7. Loan Principal repaid across the cash counter-
8. Loan Interest repaid across the cash counter

There will be only one Collection Bank a/c in the CPFU. The DO/ZO/CO (presently 147 salary units) will send the PF collection to the virtual account numbers created by the bank:

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- a) The list of location and collecting bank virtual account for above all 147 salary units is enclosed.
- b) Amount deducted from salary will be transferred by Salary Preparation units (DO/ZO/CO/etc) to CPFU. NEFT voucher for the same will be created by the eFeap System automatically.
- c) There will be an option provided in CPFU to list out the deduction from salary made at various Salary Disbursement units.

The Users at CPFU will have to ascertain whether the amount has been received referring the bank statement. Once the user confirms the receipt of amount, the same will be adjusted automatically.

The accounting process for Collection and Adjustment of PF remittances:

A) At Branch office level:

- Debit - Respective PF Remittance Codes for BO/SO Employees

Credit - DO a/c in BO books a/c (using sub codes)

(Entry for transferring of salary deductions by BO to DO book)

B) At Divisional office level :

- Debit - BO a/c in DO books a/c (using sub codes)

Credit - CPF Remittance Account (New Code 11247100)

(Entry for salary deductions of branches in DO books)

- Debit - Respective PF Remittance Code for DO Employees

Credit - CPF Remittance Account (11247100)

(Entry in respect of salary deductions of DO proper employees)

- Debit - CPF Remittance Account (11247100)

Credit - Bank a/c (NEFT from DO book to CPFU)

(Entry for remittances of salary deductions of BO & DO proper employees to CPFU by DO)

C) At ZO level:

- Debit - Respective PF Remittance codes for ZO Employees PF
- Credit - CPF Remittance Account 11247100

(Entry for salary deductions of ZO proper employees)

- Debit - CPF Remittance Account (11247100)
- Credit - To Bank a/c (NEFT from ZO book to CPFU)

(Entry for remittances of salary deductions of ZO proper employees to CPFU by ZO)

D) At CO level:

- Debit - Respective PF Remittance codes for CO Employees PF
- Credit - CPF Remittance Account 11247100

(Entry for salary deductions of CO proper employees)

- Debit - CPF Remittance Account (11247100)
- Credit - To Bank a/c (NEFT from CO book to CPFU)

(Entry for remittances of salary deductions of CO proper employees to CPFU by CO)

At Centralised PF Unit (CPFU) level:

On confirmation by CPFU that the amount received in virtual account matches with the remittances made by respective units, system will pass following 2 entries:

- 1) Debit - PF Collection Bank account (997221)
Credit - Respective DO/ZO/CO PF remittance a/c in CPFU books (new codes 997119 and 997129, with subcodes)

The accounting entry will be passed at CPFU crediting salary disbursement unit a/c. (with sub codes allotted to DO/ZO/CO).

- 2) Adjustment of PF collections:
Debit Respective DO/ZO/CO PF remittance a/c in CPFU books (997119/ 997129)
Credit EC/AC/CC/Loan Installment repayment/Loan Interest repayment during the year (997013,997033,997053,997193,997271)

After this adjustment entry, the Certificate master will be updated.

Stray adjustments :

In respect of those units where stray adjustments are being currently done at zonal offices will now be done at CPFU level. Stray units like

- i. LIC Pension Fund
- ii. LIC HFL Care Homes
- iii. LICHFL Financial Services Ltd
- iv. LICHFL Asset Management Company Limited
- v. Insurance Institute of India
- vi. LICHFL
- vii. IDBI Trusteeship Services Limited
- viii. LIC Mutual Fund AMC
- ix. LIC Employees deputed overseas
- x. IRDAI

Repayment of PF Loan/Interest:

Repayment of PF loan and interest thereon will be allowed against the quotation generated through PF module.

Necessary option will be provided in the module to accept repayment at cash counter against the quotation. The remittance will be transferred to DO/ZO/CO respectively through auto validated contra entries immediately after posting of cheque realization date.

Lumpsum deposit of APF during March 2nd fortnight:

A Challan will be generated on getting a request from the employee from PF module.

The payment of APF will be accepted at the cash counter against the said challan. The remittance will be transferred to DO/ZO/CO respectively through auto validated contra entries immediately after posting of cheque realization date.

New account codes provided in Life accounts :

• **Lumpsum APF and Arrears of PF:**

Currently, account code 11123200 is being used for both APF lumpsum and APF Arrears of Salary Deductions.

Now new account code 11631400 has been allotted for lumpsum APF (paid across the cash counter) and old code 11123200 will be used for Arrears of PF.

- **Loan and Interest Repayment:**

Currently, repayment of o/s Loan principal and loan Interest, both, are being accounted in a single account code 11123300.

Now, new account code 11631500 has been allotted for Provident fund loan – Interest repayment and old code 11123300 will be used for Provident fund loan-principal repayment.

II) INTER BANK ACCOUNT TRANSFER

Voucher preparation for Inter bank transfer from Collection Bank a/c to Payment Bank a/c will be done by the CPFU through the PF module.

III) PAYMENTS

A. PF Loan:

- Option will be provided in Employee/OS module to the PF members to make an application for PF loan. The eligibility and quantum of loan will be displayed in the module.
- Provision to upload any supporting document/s will be made available in eFeap.
- All system generated print files will be archived using EDMS and made available for future scrutiny.
- Such PF loan request will be scrutinized, checked and forwarded through an module option by OS department of respective salary preparation unit (BO/DO/ZO/Audit/etc), as per current procedure.
- On forwarding, by the respective salary preparation unit, auto voucher will be generated for checking, passing and validation at the Zonal PF unit.
- Once validated, the request will escalate and appear in CPFU for processing the payment. Option will be given to CPFU to view all requests related to loan payments.
- CPFU will have access to NEFT beneficiary master of members.

The Accounting entry will be as follows:

- Debit - Repayable loans to employees granted during the year a/c (997192)
- Credit - NEFT contra (997409)

At CPFU, on running the option of NEFT Batch file preparation, the following entry will be generated:

- Debit - NEFT contra (997409)
- Credit - Payment Bank a/c (997223)

B. NRW / 90% withdrawals:

1. Option will be provided in Employee/OS module to the PF members to make an application for NRW/90% withdrawal. The eligibility and quantum of loan will be displayed by the module.
2. The supporting documents have to be checked by the respective OS department of salary disbursing units and forward it to respective DO / ZO etc.
3. Recoveries if any will be applied to the transaction raised by the employee before escalating further, by the Salary Preparation unit/respective Zonal PF unit.
4. On forwarding by the respective salary preparation unit, auto voucher will be generated for checking, passing and validation at the Zonal PF unit.
5. Once validated, the request will escalate and appear in CPFU for processing the payment. Option will be given to CPFU to view all requests related to NRW /90% withdrawals payments.
6. CPFU will have access to NEFT beneficiary master of members.

The accounting entry in Zonal PF unit will be:

- Debit – Respective code of NRW/ 90% granted during the year out of EC(T),ECI(T),AC(T),ACI(T),EC, ECI,AC,ACI,CC,CCI
- Credit - Recoveries towards TDS on Interest on contribution in excess of prescribed limit (997087)
- Credit - NEFT Contra a/c (997409)

On running the option of NEFT Batch file preparation the following entry will be generated in CPFU.

- Debit - NEFT contra a/c (997409)
- Credit - Payment Bank a/c (997223)

C. Final settlements:

The status and stage of final settlement for any particular employee can be viewed on enquiry.

A new account code has been provided for booking of liability 997077 i.e. PF dues payable to employees/claimant's a/c - with sub codes for different types of exits.

The procedure to be followed for final settlements will be as follows:

1. The supporting documents have to be checked by the respective OS department of salary disbursing units, uploaded on module and sent to respective Zonal PF unit.
2. They will maintain the documents required to be kept in physical form. Maker checker system will be followed in ZO PF unit.
3. ZO PF unit will scrutinize and check the applications and documents received for final settlement.
4. Passing and validation of vouchers will be done at the Zonal PF unit.

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5. Once validated, the request will escalate and appear in CPFU for processing the payment. Option will be given to CPFU to view all requests related to payments.
6. CPFU will have access to NEFT beneficiary master of members.

Accounting entries for Zonal PF unit will be:

- 1) For booking of liability:
 - Debit - Refund of EC/ ECI /AC /ACI /CC /CCI
 - Credit - Recoveries of PF loan/PF loan interest (997193, 997271)
 - Credit - Recoveries towards PF dues payable to LIC of India (997083)
 - Credit - Recoveries towards TDS on PF withdrawals before 5 years (997085)
 - Credit - Recoveries towards TDS on Interest on contribution in excess of prescribed limit (997087)
 - Credit - PF dues payable to employees/claimants a/c (new code allotted 997077) with subcode
- 2) For payment:
 - Debit - PF dues paid to employees/claimants a/c (new code allotted 997078) with subcodes
 - Credit - NEFT Contra a/c (997409)

For retirement cases, NEFT is processed on 1st working day of following month.

The NEFT batch file preparation option will be provided with the following accounting entry in CPFU.

- Debit - NEFT contra a/c (997409)
- Credit - Payment Bank a/c (997223)

SR No. wise list of cases will be generated for the payment made.

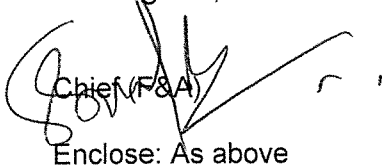
After final payment is made, the member/claimant will get message on his/her registered mobile number/mail id. Also, a final exit tag code will be given after final payment is made.

If there is any short/excess payment due to error or when there is difference of interest payment: A separate option will be provided to deal with such cases.

Please note that instructions for closing of Zonal PF bank accounts will be issued separately.

All Zones shall issue necessary instructions to their Divisional and Branch Offices.

With regards,



Chief (F&A)

Enclose: As above