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Gram : 'FOODCORP'

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No.1.12/ FAP/implementation/2013

Dated: 30.10.2013

Circular No. FAP/13/2013

Sub: Accounting of IOCPF Transactions

Reference is made to Circular No. CPF/05/2011 dated 03.05.2011 issued from file No. 1.12/Accounts)/CPF Implementation/2011 wherein the accounting for the IOCPF transactions through FAP was enumerated.

2. Since the process of intercompany transactions has been changed through Circular No. FAP/01/2013, it is necessary that the transactions are entered through the revised IOCPF procedure. However, it has been observed that the field offices are not accounting the CPF transactions as per the revised accounting procedure and in most of the cases, the field offices have not entered IOCPF transactions in FAP.

3. All the transactions related to IOCPF are required to be entered in FAP and the zero accounts related to IOCPF shall be reconciled through FAP only. The following procedure for entering the IOCPF transactions shall be followed by the field offices.

(a) For Contribution to be remitted to the Zonal office or headquarters.

(i) The payroll module while sending the invoices would create the accounting as follows in respect of each employee.

Contributory Provident Fund - Corporation Contribution (Account head 6201) Dr.

Contribution to FPS - Corporation contribution (Account head 6203) Dr.

Sundry Creditors for pay & allowances (Account head 1402) (For employee contribution) Dr.

To Liability for Contribution to CPF - Contribution (A/C head 1556)

To Liability for Contribution to EPS - Corporation contribution (A/C head 1559)

(ii) The unit offices should verify the GL Account balance for all the above account heads from "Detailed Trial Balance report" in GL module, "Payable Account Analysis report" in Payables module and "Employer e seva report" and ensure that the balances in these reports are tallying with each other. On confirmation of the same, the unit offices should make the following entry for the IOCPF transactions in "Interco IOCPF" category in GL module and send the IOCPF alongwith "employer e seva" schedule to the Zonal offices/HQrs.

Unit Liability for Contribution to CPF - Corp Cont (A/C head 1556) Dr.

Unit Liability for Contribution to EPS - Corporation contribution (A/C head 1559)
Dr.

To Unit IOCPF – Contribution account (A/C head 0941 with interco segment of concerned zone)

(iii) The Zonal offices/HQrs on receipt of the IOCPF from the field offices should verify the amount of contribution with the "employer e-seva report" and "CPF Control Register" to be generated at Zonal office level and pass the following Journal entry in "Interco IOCPF" category in GL module in the books of Zonal office.

Zone IOCPF – Contribution account (A/C head 0941 with interco segment of unit offices) Dr.

To Zone Liability for Contribution to CPF - Corp Cont (A/C head 1556)

To Zone Liability for Contribution to EPS - Corporation contribution (A/C head 1559)

(iv) On receipt of the all the IOCPF from each accounting unit the zonal office would make the payment for liability for EPS contribution to the respective RPFC by creating a payable invoice in Payables module by taking Account head 1559 in the distributions. For CPF contribution the zonal office would send an IOCPF to headquarters and pass the following accounting entry in "Interco IOCPF" category in GL module for the consolidated amount of contribution.

Zone Liability for Contribution to CPF - Corporation Contribution (A/C head 1556) Dr.

To Zone IOCPF – Contribution account (A/C head 0941 with interco segment as HQrs)

(v) On receipt of IOCPF from the zonal offices, the HQrs should verify the IOCPF with the CPF Control Register and make the following transactions in the GL in "Interco IOCPF" category for the consolidated amount of contribution.

HQrs IOCPF – Contribution account (A/C head 0941 with interco segment of zone) Dr.

To HQrs Liability for Contribution to CPF – Corp Cont (A/C head 1556)

(vi) The Headquarters should also make a payable invoice for the amount to be paid to the FCI CPF Trust for payment of the contribution with the account head 1556 in distributions.

(b) For Sanctioning the Temporary Advance/Part Final Payment and Final Payment

(i) Before sanctioning the temporary advance/part final payment and final payment, the zonal offices shall print the CPF slip from CPF module in respect of concerned employee and sanction the advance or withdrawal on the basis of such CPF slip only after due verification. The sanction of the temporary advance/part final advance and final withdrawal would be entered in the CPF module of FAP by the respective zonal offices/HQrs.

(ii) After entering the sanction in the CPF module by the zonal office, the zonal offices should send a copy of the sanction to the respective unit offices. The unit offices upon receiving the sanction order would release the invoice for payment from CPF module in case of temporary advance and part final payment. In case of Final payment the invoices are to be released by the Zonal office itself at the time of sanction of the final payment. On release of the invoices the following accounting would be created by the FAP.

(a) For Unit office: The invoices of the unit office would have the following accounting.

Unit IOCPF – Temporary Advance/Part Final payment/ Final payment (A/C head 0942/0943/0944 with intercompany segment of zonal office) Dr.

To Unit Liability for CPF Advance/Part Final payment/ Final payment (A/c Head 1552/1555/1554)

The unit offices shall make the payment of CPF advance/part final payment/ final payment through the invoices created through CPF module only.

(b) For Zonal office: The system would send a Journal entry in GL module in IOCPF category as follows with details of the employee in description column.

Zone Liability for CPF Advance/Part Final payment/ Final payment (A/c Head 1552/1555/1554)

To Zone IOCPF – Temporary Advance/Part Final payment/ Final payment (A/C head 0942/0943/0944) with intercompany segment of unit office

(iii) The zonal offices at the end of the month would draw a list of Temporary Advances/ Part Final payment and Final payment sanctioned through the discoverer report “CPF list of sanctions” and verify that all the payments have been released to the respective employees. In case of any payment is not released by the unit offices, the zonal offices shall take up with the unit offices to ensure that the payment is released to the employee.

(iv) The zonal offices would send the IOCPF to the headquarters for the CPF sanctions made by them and pass a Journal entry in GL module in IOCPF category as follows.

Zone IOCPF – Temporary Advance/Part Final payment/ Final payment (A/C head 0942/0943/0944) with intercompany segment of Hqrs office Dr.

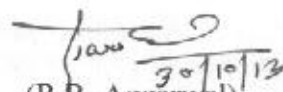
To Zone liability for CPF Advance/Part Final payment/ Final payment (A/c Head 1552/1555/1554)

(v) The Headquarters on receipt of the IOCPF from Zonal offices should verify the same from the list of sanctions of the zonal office and pass a a Journal entry in GL module in IOCPF category as follows.

HQrs. liability for CPF Advance/Part Final payment/ Final payment (A/c Head 1552/1555/1554) Dr.

To HQrs. IOCPF – Temporary Advance/Part Final payment/ Final payment (A/C head 0942/0943/0944) with intercompany segment of Zonal office

(vi) The headquarters would make an invoices in receivables module for receiving the amount from the FCI CPF Trust and the account 1552/1554/1555 should be selected in the revenue account.


(R.R. Aggarwal)
General Manager (FAP)

Distribution:

1. CGM (Cost/Fin./A/Cs/IA/Funds/CPF) in Headquarters
2. All CGM/GM (F&A) in Zonal offices
3. The Director, IFS, FCI, Gurgaon, Haryana.
4. All Dy. GM (F&A)/ Asstt. GM (A/cs) FCI, Regional Offices.
5. All Area Managers.