

**Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Prasar Bharati (Broadcasting Corporation of India) for the year ended 31 March 2018**

We have audited the attached Balance Sheet of the Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2018, the Income & Expenditure Account and Receipt & Payment Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 21(2) of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. Accounts of Prasar Bharati are a compilation of its 553 different DDOs, out of which audit reports in respect of 60 DDOs were considered during accounts certification.

2. This Separate Audit Report contains the comments of the Comptroller and Auditor General of India on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/Comptroller and Auditor General's Audit Reports separately.
3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
4. Based on our audit, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. The Balance Sheet, Income & Expenditure Account and Receipt & Payment Account dealt with by this report have been drawn up in the uniform format of accounts approved by the Ministry of Finance, Government of India.

iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Prasar Bharati (Broadcasting Corporation of India) as required under Section 21(1) of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990 in so far as it appears from our examination of such books.

iv. We further report that:

**A. Balance Sheet**

**A.1 Liabilities**

**A.1.1 Current Liabilities and Provisions (Schedule - 7) - ₹3177.23 crore**

A.1.1.1 Prasar Bharati had shown ₹450.01 crore as remittances to/from DDOs/HQ in transit. Under this head, payments made between headquarters and field offices of Prasar Bharati were given. Being the intra office transaction, the effect of this transaction shall be 'nil' after reconciliation. However, the reconciliation in this regard has not been made. This matter was pointed out during previous years also.

A.1.1.2 Above includes provisions on account of New Pension Scheme (NPS) payable to National Securities Depository Ltd. (NSDL) ₹25.19 crore as employer's/employees contribution towards NPS and interest thereon. Employee's and employer's contribution has not been transferred to NSDL though the amount has been kept in separate bank account. During the scrutiny of records it was observed that only in respect of registered subscribers (approximate 3489 total employees) NPS contribution was transferred to NSDL. Further, for remaining employees, Prasar Bharati kept the contribution in a separate Contribution Provident Fund (CPF) account (in FDR) for those whose legacy amount are yet to be transferred. CPF account balance as on 31 March 2018 was ₹34.99 crore which is liable to transfer to NSDL for NPS. This has resulted in understatement of Liability and Expenditure by ₹9.8 crore each.

**A.2 Assets**

**A.2.1 Current Assets, Loans and Advances, etc. (Schedule 11) - ₹2226.43 crore**

The above does not include ₹95.97 lakh (Bank draft of ₹75 lakh, which was fake and two ETGS of ₹20.97 lakh against which no funds were received) from M/s. A-One News Time Broadcasting (P) Ltd., and for which Prasar Bharati has initiated the process of filing the FIR. Further, this fact of fraud has also not been disclosed in the accounts.

**Accounting Policies**

**Significant Accounting Policies (Schedule - 26)**

The policy no. 3 *inter-alia* stated that 'Fixed assets are stated at transfer amount in respect of assets transferred to Prasar Bharti and the corresponding credit is to "Loan in Perpetuity". Transfer of Assets by the Central Government are subject to actual valuation and verifications.'

During the review, it was observed that though the assets were transferred by Central Government in September 2002, actual valuation and verification has not been done so far even after a lapse of 16 years. Hence, the fixed assets do not represent a true and fair value as on 31 March 2018 in absence of proper valuation and verification. Moreover, the policy is deficient to the extent of not disclosing the method of valuation and verification used for fixed assets transferred to the Prasar Bharati and the amount of above fixed assets as on 31 March 2018.

## **B.2 Notes on Accounts & Contingent Liabilities (Schedule - 27)**

Notes on Accounts no. 1 *inter alia* stated that ".....from 01.04.2005 the accounts are initially compiled on cash basis at field unit level and subsequently converted into accrual basis to the extent possible, based on the information collected from both the Directorates. Prasar Bharati Board however, decided to give effect to complete switch over from cash to accrual accounting at field unit also. To overcome this problem, Prasar Bharati has developed software called Expenditure Monitoring System (EMS). R&PA/c from all the DDOs are now being received through this software w.e.f. 01.04.2016."

During the audit, it was observed that, in EMS software Prasar Bharati was receiving the Receipt & Payment Account online which contains only cash basis transactions and it did not provide the information of outstanding payables and payment received in advance by each unit. Hence, the accounts of the units were being maintained only on cash basis and not on accrual basis. Thus, the above note is incorrect to this extent.

## **C. General**

**C.1** Fixed Assets included gross amount of land and buildings amounting to ₹3.28 crore and ₹505.76 crore respectively. The title/conveyance/lease deeds of these properties were neither executed nor had Prasar Bharati made any effort for executing the same. In absence of title/conveyance/ lease deeds of the properties, audit is unable to verify the ownership of these properties in the name of Prasar Bharati.

**C.2** In Schedule - 8 (Fixed Assets), ₹470.71 crore was shown under the sub-head 'Capital Work in Progress' as on 31 March 2018. In the absence of details of work and periodicity of the work undertaken the correctness of balances shown in the accounts, could not be verified in audit.

**C.3** As per Schedule - 18 (Other Income), an amount of ₹2,08,94,511/- and ₹48,26,072/- have been shown as Profit on Sales/Disposal of assets during the year 2017-18 and 2016-17, respectively. However, the corresponding assets have not been deducted from the Gross

block. Similar practice has been followed by Prasar Bharati during previous years also which resulted in incorrect depiction of gross block.

C.4 Provision for retirement benefits was not made on actuarial basis in annual accounts of Prasar Bharati as required under Accounting Standard 15 issued by ICAI.

C.5 As on 31 March 2018, 78 arbitration cases involving an amount of ₹583.19 crore were pending for settlement. The facts/status needs to be disclosed in Notes on Accounts.

C.6 Depreciation rates adopted by the Corporation were different from the rate of depreciation provided as per Income Tax Act as prescribed by Uniform Format of Account.

C.7 Accounts of Prasar Bharati are a compilation of its 553 different DDOs. The Receipt & Payment Accounts from these units are received by the Prasar Bharati online through EMS software. An amount of ₹1578.32 crore was shown as bank balance as on 31 March 2018. However, the balance confirmation letters from the banks in respect of units other than Prasar Bharti secretariat were not available with the Prasar Bharati Headquarters. In the absence of balance confirmation letters audit could not ensure the correctness of the bank balance shown in the Annual Accounts.

C.8 The following discrepancies were noticed during the audit of accounts of various offices of Prasar Bharati in different States:

**C.8.1 Doordarshan Commercial Service, Mandi House, New Delhi**

C.8.1.1 An amount of ₹62.31 crore was depicted in Sundry debtors against the government agencies as on 31 March 2018. However, an amount of ₹8.82 crore outstanding against DAVP (Delhi) (DCD) was not included. This had resulted in understatement of sundry debtors by ₹8.82 crore.

C.8.1.2 As on 31 March 2018, an amount of ₹11.68 crore received in bank account could not be linked to the payee and the amount has been unclassified. This fact had not been mentioned in the accounts.

C.8.1.3 The amount outstanding against government agencies included an amount of ₹20.58 crore outstanding against the Organizing Committee, Common Wealth Games-2010 (OC-CWG). However, as per records the net amount outstanding against OC-CWG was ₹11.50 crore, only. This needs to be reconciled.

**C.8.2 Directorate General, Doordarshan, Mandi House, New Delhi**

C.8.2.1 As per Receipt & Payment Account of Directorate General, Doordarshan (DG, DD) for the year 2017-18, closing balance of Corporate Liquid Term Deposit (CLTD) Account has

been reflected as ₹2,99,47,691/- however, as per actual record, the balance was ₹6,18,26,243/- Thus, the closing balance of CLTD was understated by ₹3,18,78,552.

C.8.2.2 As per Receipt & Payment Account of DG, DD for the year 2017-18, an expenditure of ₹46.18 lakh was incurred for procurement of fixed assets (Furniture/ Computers/ Laptop etc). However, this amount was not shown in Annexure-IV of the annual accounts of DG, DD for inclusion in the annual accounts of Prasar Bharati. This had resulted in understatement of Fixed Assets by ₹46.18 lakh.

### C.8.3 All India Radio and Doordarshan Units in Tamil Nadu and Puducherry

#### C.8.3.1 Refunds by way of adjustment in the electricity bills – not accounted as Receipts

Interest credited on deposits with Tamil Nadu Electricity Board and refund of excess deposits by way of adjustments in the electricity bills were not accounted as Receipt under relevant heads such as “deposits”/“interest”. Instead, the net amount of electricity bill after adjusting the refunds was accounted as payments. This incorrect method of accounting had resulted in understatement of receipts as well as payments in the Receipt & Payment Statement in respect of the following units:

Sl. No	Name of the Unit	Amount (₹)
1	DDG(E), AIR, HPT Avadi	19,78,503
2	DD(E), AIR, Tirunelveli	2,42,000
3	DD(E), HPT, DD, Kodaikanal	11,71,893
4	DD(E), HPT, DD, Rameswaram	42,965
	<b>Total</b>	<b>34,35,361</b>

#### C.8.3.2 Deposits paid to Electricity Board (EB) misclassified as expenditure

Additional security deposit paid to EB was incorrectly accounted for under electricity charges instead of exhibiting specifically as ‘Additional security deposit paid to Electricity Board’ resulting the understatement of deposits and overstatement of expenditure to that extent in respect of the following units:

Sl. No	Name of the Unit	Amount (₹)
1	DD(E), AIR, Puducherry	5,73,000
2	DD(E), AIR, Tirunelveli	26,433

#### C.8.3.3 DDG (E), All India Radio, High power Transmitter, Avadi

##### C.8.3.3.1 Non accountal of Interest

Interest of ₹9.02 lakh received on CLTD was not accounted for in the Receipt & Payment Account resulting in understatement of Receipts.

#### C.8.4 Doordarshan Maintenance Centre, Sagar

C.8.4.1 Liabilities of transfer TA, Medical and armed guard amounting to ₹18.64 lakh as on 31 March 2018 had not been intimated to Prasar Bharati headquarters for inclusion in annual accounts of Prasar Bharati.

#### C.8.5 All India Radio, Kohima

##### C.8.5.1 Advances to staff

Advances amounting to ₹10.38 lakh paid to staff for TA/LTC/TTA not shown on the payment side of Receipt & Payment Account which resulted in understatement of head of account "Advances to staff" under other Payments.

Similarly, an amount of ₹8.73 lakh which was deposited with tax authorities on account of income tax deducted from employees during the year 2017-18, had not been shown on the payment side of Receipt & Payment Account which resulted in understatement of head of account "Income Tax/TDS" under other Payments.

#### D. Grants-in-aid

During the year 2017-18, Prasar Bharati received Grant-in-Aid of ₹2737.86 crore from the Ministry of Information and Broadcasting and also had an unspent balance of ₹27.05 crore for previous year 2016-17. Prasar Bharati had incurred an expenditure of ₹2739.97 crore leaving an unutilized balance of ₹24.94 crore as on 31 March 2018.

E. **Management Letter:** Deficiencies which have not been included in the Audit Report have been brought to the notice of Prasar Bharati through a management letter issued separately for remedial/corrective action.

v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income & Expenditure Account and Receipt & Payment Account dealt with by this report are in agreement with the books of accounts;

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts and subject to the significant matters stated above and other matters mentioned in Annexure-I to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India;

a) In so far as it relates to the Balance Sheet, of the state of affairs of the Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2018; and

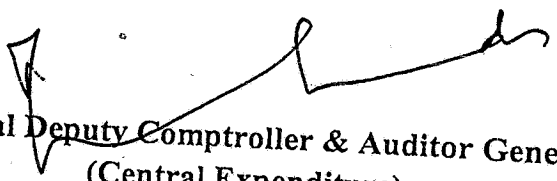
b)

In so far as it relates to Income & Expenditure Account of the deficit for the year ended on that date.

For and on behalf of C&AG of India

Place: New Delhi

Date: 01.01.2019

  
Additional Deputy Comptroller & Auditor General  
(Central Expenditure)

### Annexure - I

1. **Adequacy of internal audit system**

Internal audit for the year 2017-18 was not conducted by Pr. A.O of the Ministry of Information & Broadcasting. Inspection wing in both Directorate (AIR and DD) is present. However, due to shortage of staff, inspection wing is not able to audit effectively.

2. **Adequacy of internal control system**

The internal control of PrasarBharati was not adequate due to the following reasons:

- a. Risk Assessment and Management Information System which are necessary for smooth functioning of the corporation were not in place in PrasarBharati.
- b. Non-reconciliation of balances with field offices persisted since long time.
- c. The balance sheet of PrasarBharati disclosed assets valued at ₹1582.47 crore as on 31 March 2018. A Central Assets Register required to be maintained under General Financial Rules in Form GFR-40 was not maintained by PrasarBharati. In the absence of Assets Register, the value of assets of ₹1582.47crore could not be verified in audit.
- d. Non transfer of NPS balances to NSDL.
- e. Non conducting of physical verification of fixed assets.

3. **System of physical verification of fixed assets**

Value of fixed assets was accounted for in the books on the basis of a letter received from Chief Controller of Accounts by PrasarBharati during the year 2002. In notes on accounts for the years 2017-18, PrasarBharati disclosed that amount of fixed assets was subject to physical verification and valuation. However, physical verification and valuation of fixed assets was yet to be taken up by the Corporation

4. **System of physical verification of inventory**

Physical verification reports of the units of PrasarBharati were not made available to audit thus audit could not verify whether proper physical verification of inventory was being made in the field offices of PrasarBharati or not.

5. **Regularity in payment of dues**

As per accounts, no payment over six months in respect of statutory dues was outstanding as on 31 March 2018.



# MANAGEMENT REPLY OF AUDIT OBSERVATIONS FOR THE YEAR 2017-18

Para No.	Audit Para	Reply
<b>A</b>	<b>Balance Sheet</b>	
<b>A.1</b>	<b>Liabilities</b>	
<b>A.1.1</b>	<b>Current Liabilities and Provisions (Schedule-7)-Rs. 3177.23 Crore</b>	Efforts are being made to liquidate/reconcile these balances. In this direction, Prasar Bharati has developed and implemented a new Reconciliation portal i.e. Inter Unit Remittance Reconciliation Portal (IURRP) w.e.f. December, 2017 wherein all units have been asked to enter details of all inward and outward Inter Unit Remittances for Reconciliation. The effect of reconciliation may be reflected in next Account.
<b>A.1.1.1</b>	<b>Current Liabilities-Rs. 1943.74 crore</b>	
<b>A.1.1.1.1</b>	Prasar Bharati had shown Rs. 450.01 crore as remittances to from DDOs/HQ in transit. Under this head, payments made between headquarters and field offices of Prasar Bharati were given. Being the intra office transaction, the effect of this transaction shall be 'nil' after reconciliation. However, the reconciliation in this regard has not been made. This matter was pointed out during previous years also.	
<b>A.1.1.2</b>	Above includes provisions on account of New Pension Scheme (NPS) payable to National Securities Depository Ltd. (NSDL) Rs. 25.19 crore as employer's/employees contribution towards NPS and interest thereon. Employee's and employer's contribution has not been transferred to NSDL though the amount has been kept in separate bank account. During the scrutiny of records it was observed that only in respect of registered subscribers (approximate 3489 total employees) NPS contribution was transferred to NSDL. Further, for remaining employees Prasar Bharati kept the contribution in a separate Contribution Provident Fund (CPF) account (in FDR) for those whose legacy amount are yet to be transferred. CPF account balance as on 31 <sup>st</sup> March, 2018 was Rs. 34.99 crore which is liable to transfer to NSDL for NPS. This has resulted in understatement of Liability and Expenditure by Rs. 9.8 crore each.	Prasar Bharati had started deduction of CPF contribution from the salary of new employees from 01.01.2004 and deposited the same in the dedicated account opened by PB Sectt. for the same. In 2012, Prasar Bharati took policy decision to implement NPS for its employees. Thereafter, Prasar Bharati applied for the NPS registration with NSDL in May, 2012 and started allocation process of PRAN to its employees. As on date almost all serving employees have been allocated PRAN and their current monthly contributions are being regularly deposited with NSDL. The Provision of Rs. 25.19 crore includes only the employer and employees contribution. However, the bank balance is accumulated figure of contributions and interest earned on it, since January, 2004. At present, only Rs.17.27 Crore is remaining as balance in Bank for transfer to NSDL as on 31.12.2018. Rest of the amount has already been transferred to NSDL. Consistent efforts are being made to deposit the remaining balance to NSDL after due reconciliation and verification of legacy data of contributions of all employees and it is likely to be completed by June, 2019. However, the observation of audit is noted and provision will be maintained to the extent liability exists in books of account in the next financial year.

A.2.1	<p><b>Current Assets, Loans and Advance etc. (Schedule 11)– Rs. 2226.43 crore</b></p> <p>The above does not include Rs. 95.97 lakh (Bank draft of Rs. 75 lakh, which was fake, two RTGS of Rs. 20.97 lakh which no funds were received) from M/s. A-One News Time Broadcasting (P) Ltd., and for which Prasar Bharati has initiated the process of filing the FIR. Further, this fact of fraud has also not been disclosed in the accounts.</p>	<p>The amount referred by Audit pertains to the Financial year 2011-12 (Rs. 75 lakh) and 2013-14 (Rs. 20.97 lakh).</p> <p>The observation of audit is noted and the same will be reflected in books of account in next financial year.</p>
B	<p><b>Accounting Policies</b></p>	
B.1.	<p><b>Significant Accounting Policies (Schedule-26)</b></p> <p>The Policy No. 3 <i>inter-alia</i> stated that '<i>Fixed assets are stated at transfer amount in respect of assets transferred to Prasar Bharati and the corresponding credit is to "Loan in Perpetuity". Transfer of Assets by the Central Government are subject to actual valuation and verifications.</i>'</p> <p>During the review, it was observed that though the assets were transferred by Central Government in September 2002, actual valuation and verification has not been done so far even after a lapse of 16 years. Hence, the fixed assets do not represent a true and fair value as on 31<sup>st</sup> March, 2018 in absence of proper valuation and verification. Moreover, the policy is deficient to the extent of not disclosing the method of valuation and verification used for fixed assets transferred to the Prasar Bharati and the above fixed assets as on 31<sup>st</sup> March, 2018.</p>	<p>As per para 8.1.90 of AIR Manual, the verification of assets is to be carried out once in a year and it is the responsibility of the Heads of Offices of the concerned stations/ Kendras. Accordingly, instructions have already been issued to field offices to carry out the physical verification of the assets. Both the Directorates have also been requested to submit the consolidated physical verification reports of assets at the earliest. Civil Construction Wing (CCW) of Prasar Bharati has completed the work of physical verification and digitalisation of Land records on most of the places.</p> <p>Prasar Bharati prepares its accounts under the historical cost convention using the accrual method of accounting in the format notified by the Ministry of I&amp;B vide Gazette notification dated 01.12.2006 and fixed assets are carried at cost less depreciation.</p> <p>The observation of audit for mention of policy of valuation of fixed assets in books of account is noted and the same will be disclosed in accounts of next financial year.</p>
B.2.	<p><b>Notes on Accounts &amp; Contingent Liabilities (Schedule-27)</b></p> <p>Notes on Accounts No. 1 <i>Inter alia</i> stated that "<i>.... From 01.04.2005 the accounts are initially compiled on cash basis at field unit level and subsequently converted into accrual basis to the extent possible, based on the information collected from the both the Directorates. Prasar Bharati Board however, decided to give effect to complete switch over from cash to accrual accounting at field unit also. To overcome this problem, Prasar Bharati has developed software called Expenditure Monitoring System (EMS). Receipt &amp; Payment Accounts (R&amp;P) from all the DDOs are now being received</i></p>	<p>Notes on Accounts No. 1 states that Prasar Bharati decided to give effect to complete switchover from cash to accrual accounting at field units.</p> <p>In this regard, it is to be stated that upto 31.03.2016; the Accounts of Prasar Bharati were compiled manually. Prasar Bharati has initiated the first step in the form of Expenditure Monitoring System (EMS) application and computerizes the Receipt &amp; Payment Account (R&amp;P) of all the field units. Subsequently the same has been converted into accrual accounts on the basis of information collected from all the field units through their Directorates. In the direction of complete switchover to accrual accounting, Prasar Bharati has placed an order for procuring centralized accounting software and the same is being implemented across all field units of Prasar</p>

	<p><i>through this software w.e.f. 01.04.2016.</i></p> <p>During the audit, it was observed that, in EMS software Prasar Bharati was receiving the Receipt &amp; Payment Accounts (R&amp;P) online which contains only cash basis transactions and it did not provide the information of outstanding payables and payment received in advance by each unit. Hence, the accounts of the units were being maintained only on cash basis and not on accrual basis. Thus, the above note is incorrect to this extent.</p>	<p>Bharati. This will ensure accrual based accounting in all field units after the new software is fully implemented across the network.</p>
<b>C</b>	<b>General</b>	<p>Initially the Assets were transferred to Prasar Bharati by Ministry in form of "Loan in perpetuity". Ministry of I&amp;B vide letter no.G-33012/1/2014-B.Fin dated 28.03.2017 has now transferred the assets to Prasar Bharati. In this regard, significant progress has been made in identifying land and buildings and digitalizing this data after due Physical Verification.</p> <p>Regarding disclosure in books of account, Prasar Bharati prepares its accounts in the format notified by the Ministry of I&amp;B vide Gazette notification dated 01.12.2006. Accordingly, the land and buildings are depicted in books of account.</p>
<b>C.1</b>	<p>Fixed Assets included gross amount of land and building amounting to Rs. 3.28 crore and Rs. 505.76 crore respectively. The title/conveyance/lease deeds of these properties were neither executed nor had Prasar Bharati made any effort for executing the same. In absence of title/conveyance/lease deeds of the properties, audit is unable to verify the ownership of these properties in the name of Prasar Bharati.</p>	
<b>C.2</b>	<p>In Schedule-8 (Fixed Assets), Rs. 470.71 crore was shown under the sub-head 'Capital Work in Progress' as on 31<sup>st</sup> March, 2018. In the absence of details of work and periodicity of the work undertaken the correctness of balances shown in the accounts, could not be verified in audit.</p>	<p>Prasar Bharati is a very big organization and different types of Capital Projects are running across all over the country. The details of work and their periodicity are available with the concerned unit which executes the work. Centralised data will be available only after complete computerisation/ digitalisation.</p> <p>During the year 2017-18 an amount of Rs 45.55 crore was incurred on CWIP. Further as per the accounting practice every year Prasar Bharati converts CWIP into proper head of Asset Account after completion of the Project. This year an amount of Rs.5.36 crore has been capitalised.</p>
<b>C.3</b>	<p>As per Sechedul-18 (Other Income), an amount of Rs. 2,08,94,511/- and Rs. 48,26,072/- have been shown as Profit on Sales/Disposal of assets during the year 2017-18 and 2016-17, respectively. However, the corresponding assets have not been deducted from the Gross block. Similar practice has been followed by Prasar Bharati during previous year also. In absence of value of assets being sold, the correctness of Gross Block.</p>	<p>The work of inventorisation of Assets is in progress. Till the completion of inventorisation it is not possible to relate the sale value with book value of assets. However, the observation of audit is noted for future compliance. In this direction, the implementation of complete Accounting including fixed assets register is already initiated.</p>

<b>C.4</b>	Provision for retirement benefits was not made on accrual basis in annual accounts of Prasar Bharati as required under Accounting Standard – 15 issued by ICAI.	Most of the Employees in Prasar Bharati are Central Government Employees and working in Prasar Bharati on deemed deputation basis. Therefore, their post retirement benefits are paid by the Central Government. In this regard, every year Prasar Bharati pay (LS&PC) leave salary and pension contribution to Ministry of Finance. However for PB employee, PB is in the process of finalisation of its own policy & rule for retirement benefits of these employees and accordingly the same will be reflected in A/c.
<b>C.5</b>	As on 31 <sup>st</sup> March, 2018, 78 arbitration cases involving a amount of Rs. 583.19 crore were pending for settlement. The facts/status needs to be disclosed in Notes to Accounts.	Upto 2004-05 Prasar Bharati maintain its Accounts on cash basis. From 2005-06 method of accounting has been changed from cash to accrual basis. At that time it was decided that revenue included in arbitration cases may not be depicted in Accounts till the ultimate collection becomes certain. The note in this regard will be depicted in next Account.
<b>C.6</b>	Depreciation rates adopted by the Corporation were different from the rate of depreciation provided as per Income Tax Act as prescribed by Uniform format of Account.	Prasar Bharati has adopted straight line method of deprecation as prescribed in Uniform Format of Accounts based on the recommendation of Inter Ministerial Group (IMG) in the year 2002.
<b>C.7</b>	Accounts of Prasar Bharati are compilation of its 553 different DDOs. The Receipt & Payment Accounts from these units are received by the Prasar Bharati online through EMS software. An amount of Rs. 1578.32 crore was shown as bank balance as on 31 <sup>st</sup> March, 2018. However, the balance confirmation letters from the banks in respect of units other than Prasar Bharati Secretariat were not available with the Prasar Bharati Headquarters. In the absence of balance confirmation letters audit could not ensure the correctness of the bank balance shown in the Annual Accounts.	Prasar Bharati is a very big organisation and its fields DDOs are spread across the country. Further, every DDO is maintaining at least three Bank Accounts for various purposes viz. Salary, OAE, Receipts etc. The field units are required to collect balance confirmation certificate from banks. It may not be feasible to obtain the balance confirmation letter for each Account from the DDOs at Prasar Bharati Sectt.
<b>C.8</b>	The following discrepancies were noticed during the audit of accounts of various offices of Prasar Bharati in different States.	
<b>C.8.1</b>	<b>Doordarshan Commercial Service, Mandi House, New Delhi</b>	
<b>C.8.1.1</b>	An amount of Rs. 62.31 crore was depicted in Sundry debtors against the Government agencies as on 31 <sup>st</sup> March, 2018. However, as amount of Rs. 8.82 crore outstanding against DAVP (Delhi) (DCD) was not included. This had resulted in understatement of sundry debtors by Rs. 8.82 crore.	The unit is being instructed to report the correct figure of debtors. The observation of Audit is noted. The same will be reflected in next accounts as prior period income as well as sundry debtors if not collected by that time.
<b>C.8.1.2</b>	As on 31 <sup>st</sup> March, 2018 an amount of Rs. 11.68 crore received in bank account could not be linked to the payee and the amount has been termed as unclassified. This fact has not been mentioned in the accounts.	The amount of Rs. 11.68 crore which is not linked to the payee is not termed as unclassified in the Accounts. This type of Amount received is generally accounted as Misc. Receipts in Accounts. However, the same is being reconciled with the field unit and same will be properly classified in next Account.

<b>C.8.1.3</b>	The amount outstanding against Government agencies included an amount of Rs. 20.58 crore outstanding against the Organizing Committee, Common Wealth Games-2010 (OC-CWG), however, as per records the net amount outstanding against OC-CWG was Rs. 11.50 crore, only. This needs to be reconciled.	The outstanding amount against Organizing Committee of CWG-2010 shown under "Sundry debtors" and the liabilities are shown separately under "current liabilities." Hence the sundry debtors are not overstated.																		
<b>C.8.2</b>	<b>Directorate General, Doordarshan, Mandi House, New Delhi</b>																			
<b>C.8.2.1</b>	As per Receipt & Payment Account of Directorate General, Doordarshan (DG,DD) for the year 2017-18, closing balance of Corporate Liquid Term Deposit (CLTD) Account has been reflected as Rs. 2,99,47,691/- however, as per actual record, the balance was Rs. 6,18,26,243/- . Thus, the closing balance of CLTD was understated by Rs. 3,18,78,552/-.	The observation of audit is noted. Directorate General, Doordarshan, has now reconciled the figures of CLTD balance. R&P account of Sept 2018 reflects the reconciled figure of CLTD amounting to Rs.8.47crore.																		
<b>C.8.2.2</b>	As per Receipt & Payment Account of DG:DD for the year 2017-18, an expenditure of Rs. 46.18 lakh was incurred for procurement of fixed assets (Furniture/Computers/Laptop etc.). However, this amount was not shown in Annexure-IV of the annual accounts of DG:DD for inclusion in the annual accounts of Prasar Bharati. This has resulted in understatement of Fixed Assets by Rs. 46.18 lakh.	The matter has been taken up with the concerned unit and it has been directed to rectify the error.																		
<b>C.8.3</b>	<b>All India radio and Doordarshan Units in Tamil Nadu and Puducherry</b>																			
<b>C.8.3.1</b>	<p><b>Refunds by way of adjustment in the electricity bills- not accounted as Receipts</b></p> <p>Interest credited on deposits with Tamil Nadu Electricity Board and refund of excess deposits by way of adjustments in the electricity bills were not accounted as Receipt under relevant heads such as "deposits"/"interest". Instead, the net amount of electricity bill after adjusting the refunds was accounted as payments. This incorrect method of accounting had resulted in understatement of receipts as well as payments in the Receipt &amp; Payment Statement in respect of the following units:-</p> <table border="1"> <thead> <tr> <th>Sl. No.</th><th>Name of the Unit</th><th>Amount (Rs.)</th></tr> </thead> <tbody> <tr> <td>1</td><td>DDG(E),AIR,HPT, Avadi</td><td>19,78,503</td></tr> <tr> <td>2</td><td>DD(E), AIR, Tirunelveli</td><td>2,42,000</td></tr> <tr> <td>3</td><td>DD(E), HPT, DD, Kodaikarnal</td><td>11,71,893</td></tr> <tr> <td>4</td><td>DD(E), HPT, DD, Rameswaram</td><td>42,965</td></tr> <tr> <td></td><td><b>Total</b></td><td><b>34,35,361</b></td></tr> </tbody> </table>	Sl. No.	Name of the Unit	Amount (Rs.)	1	DDG(E),AIR,HPT, Avadi	19,78,503	2	DD(E), AIR, Tirunelveli	2,42,000	3	DD(E), HPT, DD, Kodaikarnal	11,71,893	4	DD(E), HPT, DD, Rameswaram	42,965		<b>Total</b>	<b>34,35,361</b>	The interest received during 2016-17 from CESCO Electricity is shown as reduction in expenditure under the Sub- head "Power Supply". However observation of audit is noted. Instructions have already been issued to field units to recognise income and expenditure separately when involved in such composite value.
Sl. No.	Name of the Unit	Amount (Rs.)																		
1	DDG(E),AIR,HPT, Avadi	19,78,503																		
2	DD(E), AIR, Tirunelveli	2,42,000																		
3	DD(E), HPT, DD, Kodaikarnal	11,71,893																		
4	DD(E), HPT, DD, Rameswaram	42,965																		
	<b>Total</b>	<b>34,35,361</b>																		

C.8.3.2	<p><b>Deposits paid to Electricity Board (EB) misclassified as expenditure</b>  Additional Security Deposit Paid to EB was incorrectly accounted for under electricity charges instead of exhibiting specifically as 'Additional Security Deposit Paid to Electricity Board' resulting the understatement of deposits and overstatement of payments to that extent in respect of the following units:-</p> <table border="1" data-bbox="384 461 906 651"> <thead> <tr> <th>Sl. No.</th><th>Name of the Unit</th><th>Amount (Rs.)</th></tr> </thead> <tbody> <tr> <td>1</td><td>DD(E),AIR, Puducherry</td><td>5,73,000</td></tr> <tr> <td>2</td><td>DD(E), AIR, Tirunelveli</td><td>26,433</td></tr> </tbody> </table>	Sl. No.	Name of the Unit	Amount (Rs.)	1	DD(E),AIR, Puducherry	5,73,000	2	DD(E), AIR, Tirunelveli	26,433	<p>The matter has been taken up with the concerned unit and they have been directed to rectify the error. The observation has been noted for future compliance.</p>
Sl. No.	Name of the Unit	Amount (Rs.)									
1	DD(E),AIR, Puducherry	5,73,000									
2	DD(E), AIR, Tirunelveli	26,433									
C.8.3.3	<p><b>DDG(E), All India Radio, High Power Transmitter, Avadi</b></p>										
C.8.3.3.1	<p><b>Non Accountal of Interest</b>  Interest of Rs. 9.02 lakh received on CLTD was not accounted for in the Receipt &amp; Payment Account resulting in understatement of Receipts.</p>	<p>Instructions have already been issued for proper accounting of Interest earned in CLTD Accounts and also to transfer the same to Prasar Bharati.</p>									
C.8.4	<p><b>Doordarshan Maintenance Centre, Sagar</b></p>										
C.8.4.1	<p>Liabilities of Transfer TA, Medical and Armed Guard Amounting to Rs. 18.64 lakh as on 31<sup>st</sup> March, 2018 had not been intimated to Prasar Bharati headquarters for inclusion in Annual Accounts of Prasar Bharati.</p>	<p>The observation of audit is noted for future compliance. Instructions are being issued to DMC Sagar that they may take utmost care while furnishing liabilities to Prasar Bharati.</p>									
C.8.5	<p><b>All India Radio, Kohima</b></p>										
C.8.5.1	<p><b>Advances to Staff</b>  Advances amounting to Rs. 10.38 lakh paid to staff for TA/LTC/TTA not shown on the payment side of Receipt &amp; Payment Account which resulted in understatement of head of Account "Advances to Staff" under other Payments.  Similarly, an Amount of Rs. 8.73 lakh which was deposited with tax authorities on account of Income Tax deducted from employees during the year 2017-18, had not been shown on the payment side of Receipt &amp; Payment Account which resulted in understatement of head of Account "Income Tax/ TDS" under other Payments.</p>	<p>In Schedule-27 Note-19, Prasar Bharati disclosed that "the payment and recovery of Non-interest bearing short term advances to employees are adjusted from Establishment expenditure". Therefore, these advances are already taken care in the Accounts. However, instructions are being issued to the concerned field units for settlement of these advances.  The payment of income tax deducted was made on the date of disbursal of salary. This is included in gross salary expenditure booked under Annexure-I - "Establishment Expenditure" of Receipts and Payments Account.</p>									
<b>D - Grants-In-Aid</b>											
<p>During the year 2017-18, Prasar Bharati received Grant-In-Aid of Rs. 2737.86 crore from the Ministry of Information and Broadcasting and also had an unspent balance of Rs. 27.05. crore for previous year 2016.17. Prasar Bharati had incurred an expenditure of Rs. 2739.97 crore leaving an unutilized balance of Rs. 24.94 crore as on 31<sup>st</sup> March, 2018.</p>											

**ANNEXURE-I****1. Adequacy of internal audit system**

Internal audit for the year 2017-18 was not conducted by Pr. Accounts Office of the Ministry of Information & Broadcasting. Inspection wing in both Directorate (All India Radio & Doordarshan) is present. However, due to shortage of staff, inspection wing is not able to audit effectively.

Pr. AO of Ministry had conducted the Audit of the some Units of the Prasar Bharati randomly. Both AIR & DD also have their own Inspection wing. The Internal Audit of some units of Prasar Bharati for the year 2016-17 & 2017-18 has also been done through IPAI.

**2. Adequacy of internal control system**

The internal control of Prasar Bharati was not adequate due to the following reasons:

- a. Risk Assessment and Management Information System which are necessary for smooth functioning of the corporation were not in place in Prasar Bharati.
- b. Non-reconciliation of balances with field offices persisted since long time.
- c. The balance sheet of Prasar Bharati disclosed assets valued at Rs. 1582.47 crore as on 31<sup>st</sup> March, 2018. A Central Assets Register required to be maintained under General Financial Rules in Form GFR-40 was not maintained by Prasar Bharati. In the absence of Assets Register, the value of assets of Rs. 1582.47 crore could not be verified in audit.
- d. Non transfer of NPS Balances to NSDL.
- e. Non conducting of Physical verification of fixed assets.

Prasar Bharati has submitted proposal to Ministry of I&B for creation of Accounts & Audit cadre in the organisation more than two years back. The same is pending with the Ministry. However, Prasar Bharati is taking various steps to strengthen the internal control system but skilled accounting and audit staff is very much required to fill the gaps in internal control system.

Prasar Bharati Management has also taken a serious view of the situation. Prasar Bharati Board has taken decisions on new initiatives to strengthen IT, under taken manpower audit and put in place modern systems and practices. Prasar Bharati has developed a Software (EMS) for accounting purposes which has been implemented w.e.f. 01.04.2016. HR Management (HRIS) and web based application for reconciling inter unit remittances have been implemented. An application for Bank Reconciliation statement is also in the Agenda for IT development during this current year under EMS software. Furthermore, Prasar Bharati has started implementing centralized Pay roll and Accounting software. Prasar Bharati is a very big organisation and its 550(approx.) field units are spread across the country. Therefore, it is not feasible to maintain the Central Asset Register at PB Sectt. However, the same is being maintained at field units. Further, the value wise Asset Register in the form of Sch-8 of the Balance Sheet is available with PB Sectt..

PB has already transferred substantial NPS balance to NSDL after due verification of legacy NPS data and has expedited the process of transferring remaining balances to NSDL after due verification.

**3. System of Physical Verification of fixed assets**

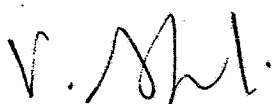
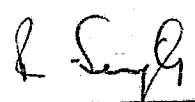
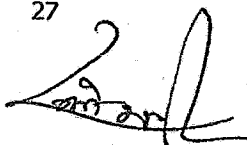
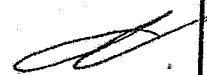
Value of fixed assets was accounted for in the books on the basis of a letter received from Chief Controller of Accounts by Prasar Bharati during the year 2002. In notes on accounts for the year 2017-18, Prasar Bharati disclosed that amount of fixed assets was subject to physical verification and valuation. However, physical verification and valuation of fixed assets was yet to be taken up by the Corporation.

As per para 8.1.90 of AIR Manual, the verification of assets is to be carried out once a year and it is the responsibility of the Head of Office. Accordingly, instructions have already been issued to field offices to carry out the physical verification of the assets. Now both the Directorates have also been requested to submit the consolidated physical verification reports of assets at the earliest.

<p><b>4. System of Physical Verification of Inventory</b> Physical Verification reports of the units of Prasar Bharati were not made available to audit thus audit could not verify whether proper physical verification of inventory was being made in the field offices of Prasar Bharati or not.</p>	<p>The reports shown to the audit were signed and authenticated by the respective Head of Offices. However, instructions have been issued to both the DGs for preparation and submission of detailed physical verification reports of inventories.</p>
<p><b>5. Regularity in Payment of dues</b> As per accounts no payment over six months in respect of statutory dues was outstanding as on 31<sup>st</sup> March, 2018.</p>	



**PRASAR BHARATI**  
**BALANCE SHEET AS AT 31st MARCH 2018**

	Sch	Rs	Rs
		As at 31-Mar-18	As at 31-Mar-17
<b>CORPUS/CAPITAL FUND AND LIABILITIES</b>			
Corpus/Capital Fund	1	1,689,888,766	4,641,761,669
Reserves and Surplus	2	-	-
Earmarked/Endowment Funds	3	-	-
Secured Loan	4	-	-
Unsecured Loan	5	9,333,870,000	9,333,870,000
Deferred Credit Liabilities	6	-	-
Current Liabilities and Provisions	7	31,772,342,595	25,529,546,788
<b>TOTAL</b>		<b>42,796,101,361</b>	<b>39,505,178,457</b>
<b>ASSETS</b>			
Fixed Assets	8	15,824,671,331	16,115,580,997
Capital Work-in progress	8	4,707,091,149	4,305,168,179
Investments (i) Earmarked/Endowment Funds	9	-	-
(ii) Others	10	-	-
Current Assets, Loans and Advances	11	22,264,338,881	19,084,429,281
<b>TOTAL</b>		<b>42,796,101,361</b>	<b>39,505,178,457</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
26			
<b>CONTINGENT LIABILITIES AND NOTES</b>			
<b>ON ACCOUNTS</b>			
27			
			
<b>Shashi Shekhar Vempati</b> Chief Executive Officer	<b>Rajeev Singh</b> Member(F)	<b>Sakesh Prasad Singh</b> ADG (B&A)	<b>C K Jain</b> DDG (F)
Place: New Delhi			
Date :			