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प्रसार भारती

PRASAR BHARATI

India's Public Service Broadcaster



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PRASAR BHARATI



India's Public Service Broadcaster
भारत का लोक सेवा प्रसारक

वार्षिक लेखा
2019-20

Annual Accounts
2019-20

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Prasar Bharti (Broadcasting Corporation of India) for the year ended 31 March 2020

We have audited the attached Balance Sheet of Prasar Bharati (Broadcasting Corporation of India) as on 31st March 2020, the Income & Expenditure Account and Receipts & Payments Account for the year ended on the date under Section 19(2) of the Comptroller & Auditor General's (Duties, Power and 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 compilation of its 503 different field offices. The audit of 19 units were considered and included in the audit report.

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, and 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 Receipts & Payments 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 Bharti (Broadcasting Corporation of India) as required under Section 21(1) of the

Prasar Bharti (Broadcasting Corporation of India) Act, 1990 in so far as fit 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)-Rs. 3763.27 crore

A.1.1.1 Remittances of Rs. 375.73 crore 'to/from Hqr/DDOs in transit/reconciliation' depicted in Schedule 7-Current Liabilities and Provisions pertain to payments made between headquarters and field offices of Prasar Bharati. Being intra-office transactions, effect of these transactions should be nil after reconciliation. However, no reconciliation has been done. Similar observation was also raised in earlier years' reports, i.e. 2016-17 to 2018-19.

A.2 Assets

A.2.1 Fixed Assets (Schedule-8) Rs 1429.63 crore

A.2.1.1 As per Schedule 18 (Other Income), an amount of Rs. 10.14 crore has been shown as profit on sales/disposal of assets during the year 2019-20. However, no corresponding deduction has been made from fixed asset (Schedule 8). In the absence of net value of fixed assets, Audit could not assess its impact on the accounts.

A.2.2 Current Assets, Loans and Advances, Etc. (Schedule 11) Rs 3259.11 crore

A.2.2.1 The above schedule did not depict an amount of Rs. 12.49 crore being value of inventories and Provision thereof. Similarly it did not disclose an amount of Rs. 16.03 crore being Other Departmental Loans/Advances and Provision thereof. Note 22 in the Notes on Accounts discloses that these provisions had been provided during the year 2014-15 as item/party wise details of these are not available and the amounts are being carried forward. Hence depiction for the same should have been made in the accounts.

B Income & Expenditure Account

B.1 Funds received for specific purpose (Schedule 13A) Rs 23.95 crore

Prasar Bharati has included a new Schedule in the annual accounts for the year 2019-20, viz. Schedule 13A-Funds received for specific purpose, which has depicted an amount of Rs. 23.96 crore on account of funds received from MHA (other than the administrative Ministry). Schedule 13A is not as per Uniform Format of Accounts as the funds received as grants or assistance, or retained by the entity to be utilised for specific or earmarked purpose are required to be disclosed under Schedule 3

(Earmarked/Endowment funds). This has resulted in overstatement of Income and understatement of Earmarked Fund by Rs. 23.96 crore each.

C Accounting Policies

C.1 Significant accounting policies – (Schedule 26)

C.1.1 The Policy no. 3 inter-alia stated that 'Fixed assets are stated at transfer amount in respect of assets transferred to Prasar Bharti by Central Government and the corresponding credit is to "Loan in Perpetuity". Transfer of Assets by the Central Government is subject to actual valuation and verifications'.

Audit 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 18 years. Hence, fixed assets do not represent a true and fair value as on 31st March 2020 in absence of proper valuation and verification.

Further, Fixed assets include gross block of land and buildings at Rs. 330.06 lakh and Rs. 55785.01 lakh respectively. No disclosure/information regarding the status of ownership of the fixed assets has been given in the Notes to Accounts given that title/conveyance/lease deeds of these properties have not been executed till date. Moreover, disclosure is deficient to the extent of non-disclosure of the method of valuation used for fixed assets transferred to the Prasar Bharti and the amount of those fixed assets as on 31st March 2020.

C.2 Notes on Account & Contingent Liabilities (Schedule 27)

C.2.1 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), Receipt and Payment Account from all the DDOs are now being received through this software w.e.f. 01.04.2016."

During the audit, it was observed in EMS software that 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. This issue was highlighted in the previous years' reports as well.

D General

D.1 As on 31st March, 2020, 72 arbitration cases involving amount of Rs. 527.88 crore were pending for settlement. This observation was made in the previous years' reports that the fact needed to be disclosed in the Notes on Accounts. Prasar Bharati in its response had stated that a note in this regard would be included in the Annual Accounts for the next year. However, it has been observed that no such note has been included in the annual accounts for the year 2019-20.

D.2 As per the uniform format of Accounts, capital grants should be depicted in Balance Sheet as addition to Capital fund and corresponding addition to fixed Assets. Any unspent balance shall also be categorically mentioned as liability in the Balance Sheet.

During the year 2019-20, Prasar Bharati had received Rs. 207.07 crore as grants in aid for creation of capital assets. However, the capital grant was routed through Income & Expenditure Accounts instead of Balance Sheet in contravention of the Uniform Format of Accounts. ...

D.3 Scrutiny of Receipt and Payment Account of Prasar Bharati Secretariat New Delhi and its Expenditure Statement for the year 2019-20, audit noticed mismatch in the head of "Minor Work" in Administrative Expenses as shown below:

S. No.	Month	Figure in Receipt and Payment Account	Figure in Expenditure Statement	Difference in figure
1	May, 2019	0	420544	420544
2	June, 2019	0	251000	251000
3	July, 2019	0	4242307	4242307
4	November, 2019	0	3033696	3033696
5	December, 2019	0	464340	464340
6	February, 2019	6579710	27221550	20641840

D.4 All India Radio, Thrissur maintains a receipts account 35090644789 with SBI Thrissur for depositing various deposits and finally transferring to Prasar Bharti AIR New Delhi Account. There was a balance of Rs. 668602/- as per the bank statement as on 31st March 2020. This includes the deposit made by Cochin Trade Links towards sale proceeds of scrap for Rs. 408613/- made in February 2020 and other receipts i.e. audition fee, license fee of quarters etc for Rs. 124002/-. However, as per receipts and payment account, the balance is shown as Zero. Further, receipts of Rs. 650188/- reflects only the fund transferred by AIR Thrissur to Prasar Bharti AIR New Delhi. This indicates that the receipt of Rs. 668602/- shown as bank balance as on 31.03.2020 was not reflected in the Receipts and

Payment Account. Thus the wrong classification resulted in understatement receipt by Rs. 6.69 lakh with corresponding understatement of bank balance in the Accounts of Prasar Bharti.

D.5 As per Receipt and Payment Account for the year 2019-20, the closing balance of OAE accounts depicted as Rs. (-)752618/- which was not agreed with the Bank Reconciliation statement of OAE Accounts issued by the Bank as Rs. 337194/-. The difference needs reconciliation.

Further, negative balances should not be shown in Receipt and Payment account. During scrutiny of Receipt and Payment account of Station Director, All India Radio, Khandwa for the year 2019-20, it has been observed that the minus balance of Rs. 752618/- was depicted on payment side.

D.6 As per Receipts and Payments Account of All India Radio, Trichur, closing balance as on 31.03.2020 was nil whereas the balance in account number of 35090644789 depicted as Rs. 668602/-. In absence of Bank Reconciliation Statement, the actual closing balance could not be verified.

D.7 Receipt and Payment Account for the year 2019-20 of ADG (E) (WZ), AIR & DD, Mumbai exhibits Nil amount under the head Interest Received on Bank Deposits (FDR), Loans & Advances and Commercial Receipts on Receipts side.

However, on scrutiny of records it was observed that the department has received Interest on Bank deposits amounting to Rs.26,84,571.40 during the year 2019-20.

No such entry or transaction has been incorporated by the department in the R&P Account. This resulted in understatement of Receipt and Payment Account by Rs.26,84,571.40.

D.8 On scrutiny of Bank Reconciliation for Payment Account for the months of March 2020, and Balance Confirmation Certificate furnished by State Bank of India and Balance as per Receipt Account of Station Director, Commercial Broadcasting Service, Mumbai as on 31.03.2020, it was noticed that there was difference among these records. The details are as below:

(In Rs.)

A/c.No.	As per Bank Reconciliation for Payment A/c	As per Balance Confirmation Certificate furnished by SBI	As per R & P A/c
Salary A/c No. 10972426267	172986	56458.80	172337
OAE A/c No. 31133386617 & CFDL A/c	322779	11333.03	39120
Receipt A/c 10972426278	NA	16131418	16131418
A/c No. 38472859123	NA	0	NA

Further Bank Reconciliation for A/c No. 10972426278 and for A/c No. 38472859123 had not been furnished.

E Grant in Aid

During the year 2019-20, Prasar Bharati had received Grant-in-aid of Rs 3124.75 crore from Ministry of Information and Broadcasting. Prasar Bharati had an unspent balance of Rs 81.97 crore for previous year 2018-19. Out of total funds of Rs 3206.72 crore (Rs 3124.75 crore + Rs 81.97 crore), Prasar Bharati had incurred an expenditure of Rs 3046.69 crore leaving an unutilized balance of Rs 160.03 crore as on 31 March 2020.

F. Management Letter: Deficiencies which have not been included in the Audit Report have been brought to the notice of Prasar Bharati, New Delhi 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 2019; and
 - b. In so far as it relates to Income and Expenditure Account of the surplus for the year ended on that date.

For and on behalf of C& AG of India

Director General of Audit (HE&SD)

Place: New Delhi

Date: 31.03.2021

Annexure

1. Adequacy of internal audit system

Internal audit for the year 2019-20 was not conducted by Pr. A.O of the Ministry of Information & Broadcasting. No internal audit department was set up in the organization.

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 the field offices persisted since long time.
- c) The balance sheet of Prasar Bharati disclosed assets valued at Rs 1429.63 crore as on 31st March 2020. A central Assets Register required to be maintained under General Financial Rules in the Form GFR-19 was not maintained by Prasar Bharati. In the absence of Assets Register, the value of assets of Rs. 1429.63 crore could not be verified in audit.
- d) Scrutiny of Bank Reconciliation Statement and Receipt and Payment Accounts as well as relevant records of Director General of Audit (Central), Lucknow, Jharkhand, Ranchi, Doranda revealed that cheques for Rs. 228920/- were issued by the AIR, Daltonganj from January 2000 to March 2019. But the cheques were not encashed and amounts were still kept idle in the bank as liable for payment for lapsed cheques.
- e) Time barred cheque amounting to Rs. 148134/- has not been taken back till date in All India Radio, Raipur, Chhatisgarh. Further Internal Audit of this unit is not being conducted by internal audit wing of DG AIR from last six years.

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 2019-20, 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.

- Scrutiny of records relating to fixed assets of DGA (C) Lucknow, Jharkhand, Ranchi, Doranda revealed that AIR, Daltonganj had not maintained registers in proper format as per provision of Rule 211 of GFR, 2017. In absence of the registers, the actual position of assets could not be ascertained.
- As per Rule 213(1) of GFR 2017, the inventory for fixed assets shall ordinarily be maintained at site. Fixed assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register. Discrepancies, if any shall be promptly investigated and brought to account. However, the physical verification of assets had not been conducted DD Kendra, Trissur till date.
- As per Rule 213(1) of GFR 2017, the inventory for fixed assets shall ordinarily be maintained at site. Fixed assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register. Discrepancies, if any, shall be promptly investigated and brought to account. However the physical verification of assets has not been conducted till date in respect of Assets maintained in DDK, Thrissur.

4. System of physical verification of inventory

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.

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 2020.