

प्रसार भारती

PRASAR BHARATI

Broadcasting Corporation of India

वार्षिक लेखा

2009-10

Annual Accounts

2009-10



द्वितीय तल, पी टी आई भवन, संसद मार्ग, नई दिल्ली 110001
2nd floor, PTI Building, Parliament Street, New Delhi
110001



सत्यमेव जयते

कार्यालय महानिदेशक लेखा परीक्षा (केन्द्रीय व्यय)
Office of the Director General of Audit (Central Expenditure)
इन्द्रप्रस्थ इस्टेट, नई दिल्ली-110 002
Indraprastha Estate, New Delhi -110 002

AMG-II/ SAR/1-18/PB/2009-10

Dated 28.09.2011

To,
Secretary,
Ministry of Information and Broadcasting
Nirman Bhavan, New Delhi-110001

Subject : Certification of Accounts of Prasar Bharati (Broadcasting Corporation of India) for the year 2009-10

Sir,

Kindly refer our office letter No. AMG-IV/SAR/PB/2010-11/9-25/1792-1794 dated 27.2.2011 regarding withdrawal of the Separate Audit Report on the accounts of Prasar Bharati for the year ended 31st March 2010, due to non approval of accounts by the Prasar Bharati Board. The accounts after due approval of Prasar Bharati Board were received by this office on 14th June 2012 and duly audited . The Separate Audit Report (alongwith a copy of accounts and Management Letter) is enclosed herewith for laying before both the houses of Parliament.

Yours faithfully,

Encl; As stated above

Sd.

Director (AMG - II)

Copy to

✓AMG-II/ SAR/1-18/PB/2009-10/ 524

Dated 28.09.2011

Shri J.P.S. Chawla, Sr. GM (B&A),
Prasar Bharati (Broadcasting Corporation of India)
Budget and Accounts Wing, PTI Building, 2nd Floor New Delhi - 110 001
Requesting you to send a copy of hindi version of the accounts and Separate audit report

Director (AMG - II)

AMG-II/ SAR/1-18/PB/2009-10

Dated 28.09.2011

2. Shri Mukhbain Singh, Sr. Administrative Officer, (Report - AB),
Office of the Comptroller and Auditor General of India,
No. 9 Deendayal Upadhyaya Marg, New Delhi -2
In reference to your letter No. Rep (AB)/166-2011/119 dated 18.9.2012

Sd.

Director (AMG - II)

PRASAR BHARATI

**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 2010

We have audited the attached Balance Sheet of Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2010 and the Income & Expenditure Account/Receipts & Payments 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.

2. This Separate Audit Report contains the comments of the Comptroller and Auditor General of India (CAG) 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 Laws, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any are reported through Inspection Reports/CAG'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 and Income & Expenditure Account/Receipts & Payments Account dealt with by this report have been drawn up in the format prescribed by the Government of India, Ministry of Finance.

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 Assets

A.1 Overstatement of Fixed Assets

As per Accounting Standard 10, fixed assets required to be eliminated from the financial statement on disposal and gains or losses arising from disposal of fixed assets should be recognised in the Income and Expenditure Account.

Prasar Bharati received Rs. 2.41 crore on sales/disposal of assets during the year 2009-10 and had taken it as income instead of net income (i.e. total sale

proceeds minus book value of assets). The book value of sold assets was neither worked out nor reduced from the fixed assets shown in the Balance Sheet. This resulted in overstatement of fixed assets and income. The amount could not be quantified for want of detail of assets sold, its book value etc.

A.2. Overstatement of FDRs by Rs. 32.28 crore

Prasar Bharati had shown closing balance as on 31.3.2010 of FDRs of Rs. 21.40 crore in the Receipts and Payments Account while in the Balance Sheet it has been shown as Rs. 60.82 crore. This needs reconciliation. This was pointed out during 2008-09 also but no action was found taken.

B. Income & Expenditure

B.1 Income

B.1.1 Understatement of interest income by Rs. 36.62 lakh

Prasar Bharati had shown Rs. 28.53 crore (Receipts and Payments Account) as interest income earned on FDRs during the year 2009-10 and not included the refund of interest amounting to Rs. 36.62 lakh on FDR/CLTD resulting in understatement of interest income by Rs. 36.62 lakh.

C. Significant Accounting Policies and Notes on Accounts

The Capital Fund of Prasar Bharati is in deficit by Rs. 11617.32 crore. In its Notes on Accounts the Prasar Bharati had not disclosed the sources from where the deficit would be met.

D. General

D1 Bank Reconciliation Statements

Bank reconciliation statements from 3 out of 11 accounting units were not received by Prasar Bharati headquarters. In the absence of bank reconciliation statement it could not be ensured in Audit whether the bank reconciliation statements were actually prepared by these accounting units and necessary adjustment entries based on the bank reconciliation statements were carried out. This was also pointed out in the Separate Audit Report for the year 2008-09 but no action was taken in this regard by Prasar Bharati.

D2 Prasar Bharti released a payment of Rs. 41.00 crore during 2009-10 to ITPO in respect of CWG 2010 Delhi. The entire release of Rs. 41.00 crore to ITPO has been shown as expenditure by Prasar Bharti, but the expenditure detail of which was not available with Prasar Bharti.

D3 Current Liabilities-Remittances to/from HQ/DDOs in transit/reconciliations (Schedule 7)

At the time of consolidation of accounts of various units and Head Office, remittances in transit are required to be reconciled and there should be a nil balance in the accounts. Annual accounts of Prasar Bharati for the year 2009-10 exhibit remittance in transit under current liabilities of Rs. 258.74 crore as against Rs. 129.77 crore as on 31.3.2009. This was also pointed out during the year 2008-09, but no reconciliation was made.

D4 As per the statement of outstanding loans and interest furnished by the Ministry of I&B, the balance of loan outstanding as on 31.3.2010 was Rs 1432.46 crore as against Rs.1426.26 crore shown in the Accounts. The difference of Rs 6.20

crore being the loan repaid during 2008-09 has not been reconciled by the Corporation.

E. Grants-in-aid

The Prasar Bharati received Grant-in-aid of Rs.1295.72 crore (Plan: Rs.48.50 crore and Non-Plan: Rs.1247.22 crore(Rs. 305.42 crore received during March, 2010)) from the Ministry of Information and Broadcasting. The Non- Plan grant was fully utilized and the Plan Grant was utilized to the extent of Rs. 35.37 crore leaving a balance of Rs.13.13 crore at the year end.

It also received Grants-in-aid of Rs. 145.00 crore for Commonwealth Games and utilized Rs. 44.01 crore leaving a balance of Rs.100.99 crore as on 31 March 2010.

F. Lack of response

The management did not furnish any reply to the audit observations within the prescribed period.

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

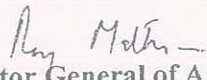
v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account /Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

vi. In our opinion and to the best of our information and according to the explanation 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 to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India:

- a. in so far as they relate to the Balance Sheet of the state of affairs of the Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2010; and
- b. in so far as they relate to the Income and Expenditure Account of the deficit for the year ended on that date.

For and on behalf of the C&AG of India

Place: New Delhi
Date:


Director General of Audit
(Central Expenditure)

Annexure to Audit Report

1. Adequacy of internal audit system

- No internal audit department has been set up in the organization nor is the internal audit being conducted by the Ministry of Information and Broadcasting since inception.
- Prasar Bharati has started a pre-check system of accounts in respect of plan schemes (J&K and N E packages) and Commonwealth Games 2010.

2. Adequacy of internal control system

Monitoring

- In the absence of Regional Office/Field Office-wise details of assets e.g. fixed assets, inventories, loans and advances, current liabilities, the reconciliation of the items as per financial books with subsidiary records were not feasible. Thus, internal control about reconciliation of assets and liabilities is deficient.
- In May 2008, Prasar Bharati decided that proper internal audit of the funds and investments shall be developed and the reports of internal audit shall be reviewed by the Executive Members of the Corporation from time to time. The internal audit of funds and investments for 2009-10 was conducted by PAO, AIR, New Delhi during July 2010, the report was awaited.
- Management information system is not installed to collect the information and submit it to the management.
- Host Broadcast Management Committee (HBMC) was formed for approving all the decisions relating to CWG 2010, however due to lack of consensus among members of HBMC, clear decisions could not be taken and legal opinion was sought on key issues and major decisions were referred to the Ministry and oversight committee. Hence, internal control requirement of competence was not fulfilled.
- System of keeping records of documents especially e-mails was not adequate. Most of the correspondence with outside agencies was made through e mails but copy of all these e-mails were not kept in files. Access to the particular e-mail IDs could not be made as the relevant passwords were not available with the department.
- Observations of the finance wing were ignored by the PB on many issues which resulted in various irregularities and discrepancies pointed out by CWG. This constituted management override of the system of internal control.

3. System of physical verification of fixed assets

- The physical verification of fixed assets for the period from April 2009 to March 2010 has not been conducted.

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

- The physical verification of stationery and consumables has been conducted for the year 2009-10

5. **Regularity in payment of statutory dues**

- No statutory dues over six months were outstanding as on 31.03.2010.