

प्रसार भारती

PRASAR BHARATI

Broadcasting Corporation of India

वार्षिक लेखा

2010-11

Annual Accounts

2010-11



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

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 2011

We have audited the attached Balance Sheet of Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2011, the Income & Expenditure Account and 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, subject to the observations mentioned in this report, 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 format, subject to the observations mentioned in this report, prescribed by the Government of India, Ministry of Finance/Ministry of Information and Broadcasting.

iii In our opinion, proper books of accounts and other relevant records have not 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 Earmarked/Endowment Fund: As per Uniform Format of Accounts, amount received as grants or assistance or retained by the entity to be utilized for specific purposes and remaining to be expended/utilized for the specific purpose for which these are intended, are required to be disclosed under the head - Earmarked Funds. These funds, considering their nature, are represented by specifically earmarked investments or other assets unless the assets are taken over and are incorporated in Schedule 8. Prasar Bharati had shown Capital Assets Funds (₹ 2,722.58 crore) under Earmarked Funds and added ₹ 174.69 crore on account of assets purchased during the year. There was neither any investment nor any asset (other than fixed assets incorporated in Schedule 8) against this Fund. As such, reflection of entire balance shown as Capital Assets Fund under Earmarked Fund was not in order.

A.1.2 Earmarked Fund-CP Fund: Prasar Bharati had shown receipt of ₹ 32.15 lakh under Earmarked Fund-CP Fund, but corresponding liability was not reflected on the Liability side under Earmarked Funds in the Balance Sheet.

A.1.3 Remittances to/from HQ/DDOs in transit/ reconciliations (Schedule 7): Inter office remittances during the year were reflected under the head 'Inter Office Transactions Accounts'. Under this head, payment made by one office was the receipt of other office. Hence, in accrual system of accounting, receipts and payments under this head should be equal and the accounts should reflect zero assets/liabilities at the close of the year. Annual accounts of Prasar Bharati for the year 2010-11 exhibit remittance in transit of ₹ 255.89 crore (Current Liabilities; Schedule 7) as against ₹ 258.74 crore as on 31.3.2010. This was also pointed out during the year 2009-10, but no remedial action was taken. This needs to be reconciled expeditiously.

A.2 Assets

A.2.1 Overstatement of Fixed Assets Prasar Bharati had shown profit of ₹ 4.14 crore on sales/disposal of assets during the year 2010-11 and had taken it as income in the Income and Expenditure Account. This amount included income of ₹ 0.22 crore for which book/written down value of the 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.

A.2.2. Non adherence to the pattern of investment:

Prasar Bharati had kept entire balance of ₹ 4.33 crore of CPF in Current Account in contravention of the pattern prescribed by the Ministry of Finance in its notification No. F. 5(88)/2006-PR dated 14.8.2008.

A.2.3 Sundry Debtors: Prasar Bharati had shown an amount of ₹ 223.99 crore as Sundry Debtors-Good. This amount included sundry debtors of All India Radio (₹ 14.20 crore)

which were more than three years old and of Doordarshan (₹ 49.67 crore) outstanding from "old/dead companies". Further, the Corporation included an interest of ₹ 60.76 crore on sundry debtors treating them as 'good'. The treatment of these sundry debtors as good and charging of interest thereon without ascertaining their prospect of recovery was against accounting principles.

Further, as per note 13 below Schedule 26, Prasar Bharati had initiated legal proceedings for recovery of certain doubtful debts, but in the Accounts it had shown 'nil' balance under Sundry Debts-Doubtful. Prasar Bharati did not provide the details of sundry debtors against whom legal proceedings had been started.

B Income & Expenditure Account

B.1 Expenses

B.1.1 Depreciation on assets added during the year was not charged on pro rata basis. Instead Prasar Bharati had allowed depreciation on such assets for six months irrespective of their date of purchase.

C Receipt & Payment Account (R&P A/c)

C.1 CPF Account: As per R&P A/c for the year 2010-11, opening balance under CPF Account was ₹ 257.78 lakh. Receipts and payments during the year were ₹ 32.15 lakh (Earmarked fund- CP Fund) and ₹ 31.39 lakh respectively. Hence the closing balance of CPF should have been ₹ 258.54 lakh (₹ 257.78+₹ 32.15-₹ 31.39) but it had been shown as ₹ 433.00 lakh. This needs reconciliation.

E General

E.1 Interest Income: Prasar Bharati had shown advances of ₹ 29.49 crore outstanding against staff and others in the Accounts, but income on account of accrued interest on advances was not accounted for in the books.

F. Grants-in-aid

During the year, Prasar Bharati received grant-in-aid of ₹ 1578.23 crore (Plan: ₹ 165.88 crore and Non-Plan: ₹ 1412.35 crore (₹ 346.53 crore was received during March, 2011)) from the Ministry of Information and Broadcasting. In addition, Prasar Bharat also had unspent balance of ₹ 114.11 crore from the previous year. The grant was fully utilized during the year.

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.

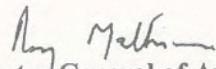
v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

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 2011; 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 : 11-2-2013


Director General of Audit
(Central Expenditure)

1. **Adequacy of internal audit system**
 - Pr. A.O. of the Ministry of Information and Broadcasting was responsible for the internal audit but it had not conducted any audit since inception of Prasar Bharati. System of Internal Audit was practically nonexistent in Prasar Bharati.
 - No internal audit department has been set up in the organization
 - Inspection Wings working in All India Radio (AIR) and Doordarshan (DD) Directorates were not able to audit effectively due to shortage of staff.
 - As per the direction of the Secretary, Ministry of Information and Broadcasting, special audit of Prasar Bharati for the year 2000-01 to 2007-08 was conducted under the overall supervision of Chief Controller of Accounts, Ministry of Information and Broadcasting.
2. **Adequacy of internal control system: Monitoring**
 - In the absence of details of assets e.g. fixed assets, inventories, loans and advances, sundry debtors, current liabilities and subsidiary records, the reconciliation of the items as per financial books with subsidiary records was not feasible. Thus, internal control about reconciliation of assets and liabilities is deficient.
 - The Corporation provided certificate regarding loss due to theft, embezzlement, fire or other natural calamities in respect of the Prasar Bharati Secretariat. It could not provide such certificate in respect of field offices indicating inadequate controls.
3. **System of physical verification of fixed assets**
 - Valuation of fixed assets was accounted for in the books on the basis of a letter received by Prasar Bharati during the year 2002. Any physical verification and valuation of fixed assets were yet to be taken by the Corporation. Thus there was no system of physical verification of fixed assets.
4. **System of physical verification of inventory**
 - Prasar Bharati had shown inventory of ₹ 10.86 crore in the Accounts. Physical verification reports of inventories were also not available with the Corporation. It was informed that such verification was being carried out by field offices and the same was available with them only.
5. **Regularity in payment of statutory dues**
 - No undisputed statutory dues were outstanding against the Corporation at the close of the year. However, as per Service Tax Rule 6(1), the Service Tax on the services deemed to be provided in the month of March, or the quarter ending in March, as the case may be, shall be paid to the credit of the Central Government by the 31st day of March of the calendar year. Prasar Bharati had shown a liability of ₹ 5.95 crore towards service tax at the close of the year. Moreover, this liability was not

shown separately in schedule 7 under subhead Statutory Liabilities. This was clubbed with Other Expenses under B Provisions