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प्रसार भारती

PRASAR BHARATI

India's Public Service Broadcaster

वार्षिक लेखा

2015-16

Annual Accounts

2015-16



प्रसार भारती हाऊस, कॉपरनिकस मार्ग, नई दिल्ली-110001
Prasar Bharati House, Copernicus Marg, 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 2016

We have audited the attached Balance Sheet of Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2016, 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. Accounts of Prasar Bharati is a compilation of its 558 different DDOs, out of which audit reports in respect of 24 DDOs was examined 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 except mentioned in **A.2.1.1, B.2, B.5, B.6, B.9, B-12, B.14 and B.16.5** 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 **except mentioned in B.16.8 and B.16.9** 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 Earmarked Endowment Fund

Prasar Bharati had received the special revenue grant of ₹ 26.25 crore for development of Kisan Channel to earn on revenue target at least ₹ 100 crore. However, the amount received/retained and its utilization was not disclosed separately in the Earmarked Fund of the Balance Sheet as prescribed in Uniform Format of Accounts for Central Autonomous Bodies but charged off in the income and expenditure statements. This has resulted in overstatement of income and understatement of Earmarked Fund.

A.1.2 Current Liabilities and Provisions – ₹ 5303.61 crore

A.1.2.1 Prasar Bharati had shown ₹ 332.24 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 should be nil after reconciliation. This needs reconciliation. This matter was pointed out during previous years also.

A.2 Assets

A.2.1 Current assets, loan and advance etc. – ₹ 2150.17 crore

A.2.1.1 Prasar Bharati had shown consolidated debtors in terms of Kendra-wise worth ₹ 145.35 crore and the Statement of station-wise CSU & CBS centre worth ₹ 146.09 crore (excluding service tax of ₹ 4.84 crore) in their Annual Accounts. In this regard, the status of service tax included/excluded in the Kendra-wise debtors was neither disclosed nor could be verified by audit. Hence, the correctness of figures could not be verified in audit.

A.2.1.2 Prasar Bharati did not include ₹ 12.74 crore as CENVAT Credit on service tax including cess in their Annual Account. This has resulted understatement of current asset, loan and advances and income by ₹ 12.74 crore.

A.2.1.3 Prasar Bharati had deposited ₹ 178.48 crore with the Service Tax Department on account of disputed service tax/interest/penalty whereas the matter was sub-judice. Details are as under:

S. No.	Amount Deposited (₹ in crore)	Date	Deposit with authority
1	10.00	May 2009	Service Tax Department
2	160.28	8 June 2011	-do-
3	8.20	29 July 2011	-do-
	(Against ₹ 18.94 crore)		
Total	178.48		

However, the deposited amount was shown as expenditure instead of being shown as Current Assets. This has resulted understatement of current assets and overstatement of expenditure by ₹ 178.48 crore.

B General

B.1 Prasar Bharati has shown ₹ 4.26 crore as profit on sales/disposal of assets instead of depicting as exceptional item in income & expenditure account as per the para no. 14(c) of Accounting Standard-5. This has resulted in overstatement of other income and understatement of exceptional items by the same amount. This was also pointed out in the previous report.

B.2 Contingent liability of ₹ 139.88 crore pertains to DGDDs (Director General, Doordarshan) was not included as on 31st March 2016. Further, details of court cases pertaining to AIR (All India Radio) were not provided to audit. Hence the actual status of court cases contingent liabilities could not be ascertained in audit.

B.3 As per AS 2 states that the inventories should be valued at the cost or net realisable value whichever is lower. However, Prasar Bharati had disclosed in its accounting policy that Inventory Valuation: - "Stores and Spares (including machinery spares) are valued at cost". The same needs to be corrected.

B.4 As per uniform format of accounts, sundry debtors need to be classified as Sundry Debtors-outstanding for a period of exceeding 6 months and others. In contravention, Prasar Bharati had classified as "Sundry Debtor -goods and Doubtful"

B.5 In Schedule -7 'Current Liabilities & Provision' under 'A-Current Liability', the sub-head 'advance received against deposit work', Prasar Bharati has shown a liability of ₹ 120.84 crore. In the absence of details of the nature of this deposit, party to whom received, period-wise status of advance adjustment, the correctness of balances shown in the accounts could not be verified in audit.

B.6 Capital Work in Progress was ₹ 398.19 crore as on 31st March 2016. In the absence of details of work and periodicity from the work undertaken, and the correctness of balances shown in the accounts, could not be verified in audit.

B.7 Interest on debtors and other receivables (schedule 17: interest earned) showed negative balance of (₹ 97355142/-) in the Income Side. The transaction due to disputed claims that have been accumulated in the last 20 years and during reconciliation with the agencies it was also noticed that most of the dues were reduction of principal as well as interest amount. The same needs to be reconciled.

B.8 The contingent liability of ₹ 14.29 crore (₹ 10.74 crore dated 20.10.2010 + ₹ 3.55 crore dated 17.10.2008) was not disclosed in account for service tax demanded by Service Tax Department. The same was disclosed under point 19 of the schedule 26 - Note on Accounts & Contingent Liabilities of the Annual Accounts.

B.9 An amount of ₹ 12.49 crore included under sub-head 'stock provision' since 2014-15 on account of 'Inventories' under Current Assets in which item/party-wise details were not available. The same was disclosed under point 19 of the schedule 26 - Note on Accounts & Contingent Liabilities of the Annual Accounts. In the absence of any policy regarding creation of "provision of any assets", without having details of the items, the provisions made was unjustified

B.10 Prasar Bharati had made provision and shown separately the provisions for 'other departmental loans and advances' and 'sundry debtors' as the recovery was doubtful for ₹ 16.02 crore and ₹ 26.66 crore

respectively instead of deducting or reducing from the relevant assets in contravention of uniform format of accounts.

B.11 No provision for retirement benefit on the basis of actuarial valuation was made in the accounts.

B.12 In Annexure-IV for Annual Accounts - 'Purchase of Fixed Assets', ₹ 8.90 crore was booked under the non-plan head whereas the assets were actually created from the IEBR (Internal & External Budgetary Resources) Fund. This has resulted in overstatement of Assets under Non-Plan Fund and understatement of Assets under IEBR Fund.

Further, the Prasar Bharati could not provide the details of assets created in earlier period from IEBR funds as it was not readily available. In the absence of details, actual status of assets created from Government Grant and from own receipt could not be verified.

B.13 Prasar Bharati had included 'interest accrued and due on Government loan' and 'penal interest accrued on interest due on Government' worth ₹ 98.87 crore and ₹ 9.59 crore respectively in the current liabilities instead of showing in specific head under 'Schedule 5 - unsecured loan'. This has resulted in overstatement of current liabilities and understatement of 'unsecured loan by ₹ 108.46 crore.

B.14 Physical verification and valuation of fixed assets was yet to be taken up by the Corporation during 2015-16. In absence of Physical verification of fixed assets physical existence of assets could not be verified. A central Assets Register required to be maintained under GFR-19 was not maintained by Prasar Bharti. In absence of Assets register, the value of assets of Rs. 1580 crore could not be verified.

B.15 Prasar Bharati has purchased library books worth ₹ 0.23 crore and booked under the sub-head 'Machinery & Equipment' of the Fixed Assets during 2015-16. This has resulted in misclassification of asset.

B.16 The following were noticed during the audit of accounts of various DDOs of Prasar Bharati in different states:

B.16.1 In the accounts of Addl. Director General (Engg.) South Zone, AIR & Doordarshan, Chennai,, it was noted that the salary paid to three employees covered in New Pension Scheme for the year 2015-16 was ₹ 6,69,723, whereas the same was accounted in Receipt & Payments Accounts as ₹ 5,47,823. Difference of ₹ 1,21,899/- between actual expenditure and expenditure accounted in Receipt & Payments Accounts remained un-reconciled.

B.16.2 In accounts of Addl. Director General (Engg.) South Zone, AIR & Doordarshan, Chennai,, it was noted that ₹ 9.90 lakh (flood advance: Rs.7.42 lakh & festival advance: ₹ 2.47 crore) was incorrectly booked in establishment expenditure and disclosed under payment side during the year. This resulted overstatement of expenditure and understatement of current assets.

B.16.3 In accounts of Addl. Director General (Engg.) South Zone, AIR & Doordarshan, Chennai, for the year 2015-16, audit noted that they had received a demand from Chennai Corporation to pay Service Tax of ₹ 9,92,180/- for the period from 2012-13 to 2015-16. The demand was not paid but a letter was sent to

corporation on 24.03.2016 to adjust the demand amount of ₹ 9,92,180/- from the refund due of ₹ 49,89,248/- and to refund the balance amount of ₹ 39,97,068/- immediately.

The demand charges claimed by Corporation were not intimated to Prasar Bharati Headquarters. As such, the amount of ₹ 49.89 lakh towards 'refund receivable' and expenditure on service charges of ₹ 9.92 lakh for 2015-16, was not reflected in the consolidated financial statements of Prasar Bharati.

B.16.4 Difference in figures

- In accounts of Addl. Director General (Engg.) South Zone, AIR & Doordarshan, Chennai, it was noted that closing balance as per cash register & BRS for Canara Bank A/c No. 911201022275 on 31.3.2016 was ₹ 9,75,41,572/- whereas closing balance shown ₹ 9,75,45,580/- as per R. & P Account as on 31.3. 2016. Difference needs to be reconciled.
- Bank interest ₹ 15,978/- and bank charges ₹ 7,02,453/- accounted by respective banks in the bank statements were neither accounted in cash registers as on 31.3.2016 nor intimated to Prasar Bharati .

This resulted understatement of expenditure and income to the same amount.

B.16.5 Physical verification reports of inventories of some units of Prasar Bharati were made available to audit however, these did not contain any detail of physical number of inventory. In absence of which audit could not verify whether proper physical verification of inventory was being made in the field offices of Prasar Bharati or not.

B.16.6 ADG (WZ) AIR & Doordarshan, Mumbai had time barred cheques amounting to ₹ 27.70 lakh outstanding since 7/2008. The existence of time-barred cheques in bank balances increased the expenditure on the respective head of account resulting in overstatement of cash at bank.

B.16.7 In ADG (WZ) AIR & Doordarshan, Mumbai, the interest of ₹168.51 lakh and ₹219.60 lakh earned on Corporate Liquid Term Deposit (CLTD) and CANFLEXI respectively were not accounted in the Receipt and Payment Account.

B.16.8 AIR, HPT Chinsura prepared only monthly Receipts and Payments Account for the year for both AIR Chinsurah and AIR Asansol (Branch office). The same were not consolidated at the end of the financial year. In the absence of progressive/consolidated receipts and payments accounts, receipts and payment for the entire year could not be verified.

B.16.9 ADG (E) (EZ) AIR, Kolkata, prepared consolidated Receipts and Payments Account for the year 2015-16. The balances under head of accounts in the Receipts and Payments Account were not supported by consolidated ledger balances. ADG/EZ prepared ledger account departmentally without any consolidation. Thus, figures in the Receipts and Payments Account could not be matched with ledger account due to non-maintenance of consolidated ledger account.

C. Grants-in-aid

Out of the total grant-in-aid of ₹ 2795.89 crore (Plan: ₹ 453.77 crore and Non-Plan: ₹ 2342.12 crore) received during the year 2015-16 from the Ministry of Information and Broadcasting. As per the accounts Prasar Bharati had an unspent balance of ₹ 12.36 crore (Plan) for previous year 2014-15. Prasar Bharati had incurred an expenditure of ₹ 2488.19 crore (Plan: ₹ 274.88 crore and Non-Plan ₹ 2213.31 crore) leaving an unutilized balance of ₹ 320.06 crore (Plan ₹191.25 crore and Non-Plan ₹ 128.81 crore) as on 31st March 2016.

D. 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 & Expenditure Account and Receipts & 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, 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 they relate to the Balance Sheet of the state of affairs of the Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2016; and
- b. In so far as they relate to the Income & Expenditure Account of the Surplus for the year ended on that date.

For and on behalf of the C&AG of India



Director General of Audit
(Central Expenditure)

Place: New Delhi
Date: 11-01-17

Annexure I

1. Adequacy of internal audit system

Internal audit for the year 2015-16 was not conducted by Pr. A.O of the Ministry of Information & Broadcasting. No internal audit wing 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 Bharti.
- b. Non-reconciliation of balances with field offices persisted since long time. Scrutiny of accounts of Prasar Bharati for the year ending 31st March 2016 revealed that out of 11 only 5 DDOs had submitted reconciliation statement.
- c. The balance sheet of Prasar Bharati disclosed assets valued at ₹ 1580 crore as on 31st March 2016. A Central Assets Register required to be maintained under General Financial Rules in Form GFR-19 was not maintained by Prasar Bharati. In the absence of Assets Register, the value of assets of Rs. 1580 crore could not be verified in audit.
- d. Interest on debtors and other receivables (schedule 17: interest earned) of the Income and Expenditure Account showed negative balance of (₹ 97355142/-) in the Income Side. The same needs to be reconciled.
- e. Physical verification of fixed assets was not done during 2015-16.
- f. Physical verification of inventories of all units was not done during 2015-16.

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 years 2015-16, 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

4. System of physical verification of inventory

Physical verification reports of some units of Prasar Bharati were made available to audit however, these did not contain any detail of physical number of inventory in absence of which 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 2016.