

प्रसार भारती

PRASAR BHARATI

India's Public Service Broadcaster

वार्षिक लेखा
2017-18

Annual Accounts
2017-18



प्रसार भारती हाऊस, कॉपरनिकस मार्ग, नई दिल्ली – ११०००९
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 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 RTGS 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.

B. Accounting Policies

B.1 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
	Total	34,35,361

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;

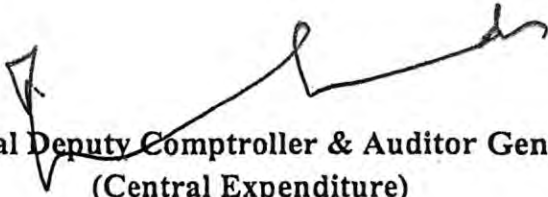
vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts and subject to the significant matters stated above and other matters mentioned in Annexure-I to this Audit 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.