

No. PBS-Audit (19-20)/Misc./221

Date 8.7.2019

Subject: Implementation of Peer-Inspection System at Zonal levels to strengthen the Internal Audit Concept under Prasar Bharati-Reg

Reference: Minutes of Meeting issued vide letter PB/Audit (18-19)/188 dt. 13.03.19.

In order to promote quality and greater insights in the accounting and auditing of AIR and DD stations, Prasar Bharati has decided to implement peer internal inspection/internal audit at zones level. The peer audit is likely to provide lots of insights to the units being reviewed including sharing of best practices among peer units. The ultimate aim of the peer review process is to ensure that the reviewed units are appropriately applying the quality control principles required of the Government organization. Additionally, it will also allow units to potentially identify areas that need improvement. Focusing on these areas will allow the units to take timely corrective actions and thereby avoid serious audit objections from CAG and other auditing authorities.

This may be considered pre-emptive approach, which will not only expedite the settling of existing Audit paras but will also minimize the future audit issues. The synergy between different wings & utilization of existing manpower is another salient feature of this concept. The implementation procedures, objective etc are listed in the Annexure attached with this letter. All zonal ADGs (P) are requested to take necessary actions as per the procedures listed in the attached Annexure in consultation with ADGs (E) of the respective zones.

This is being issued with the approval of Member (F).

Encl: As Above


(Rajesh Kr. Sharma)
Dy. Director (Budget & Audit)

To:

1. DG: AIR/DG: DD/DG:DD News/DG: NSD
2. Engineer-in-Chief, AIR & Doordarshan
3. All Zonal ADGs (P)(AIR/DD) for implementation

Copy to:

1. All Zonal ADG(E)(AVM/DDM), Chief Engineer (CCW)
2. DE (T), (PBS) with the request for uploading order on PB web-site.

CREATION OF PEER-INSPECTION SYSTEM IN PB OFFICES**1. Objective of Internal Audit or Internal Inspection:**

Objective of Internal Inspection is to ensure compliance of applicable rules, provide reasonable assurance on the reliability of financial reporting, economy, efficiency and effectiveness in carrying out the assigned functions/ activities of the units as per policies of the organization. The other brief duties & purposes of Internal Inspection are:

- a. Help in enhancing performance by strengthening financial management systems and procedures. The special focus should be on resources optimization (Human, Fund, time) on carrying out works in particular unit besides checking the procedural lapses. The fund utilization purposes & procedures both are important.
- b. Review & recommending improvement of accounting-procedures, procurement procedures, and methods for achieving the targeted goals and outcome.
- c. Risk assessment and evaluation of adequacy of internal controls while taking into account the changing regulatory landscape.
- d. Ensure inspection of inventory management, its verification to deter, detect, & prevent frauds, and errors.
- e. Expediting the early settlement of Audit Paras.

2. Creation of Peer Inspection System in organization:

There are 500+ Offices under Prasar Bharati spread across country, where periodical Inspection is not possible. The CAG Audits, have raised issues which are similar in nature repeatedly in most of the offices but aspects of Performance Inspection were often neglected in process. Therefore, Prasar Bharti is implementing easy & effective way to achieve the desired goals by using concept of **PEER-INSPECTION**. The Peer Inspection means evaluation of performance of one entity by other similar entity to check & enhance the quality of the work and performance. This concept is being implemented with listed points.

- a. One Deputy Director(E) will be posted in each O/o ADG (P) (AIR)(Zone) to coordinate Audit activities. This officer will be called Audit Coordinator of Zone (i.e. ACZ) for AIR. This ACZ will be selected jointly by ADG (P) & ADG (E) (AVM) of respective Zone of AIR. Similarly One DD(E) will be posted in each O/o ADG (P) (DD)(Zone) to coordinate Audit activities following the same procedure. The Post diversion order, if required, will be issued by respective Directorates.

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- b. ADG (E)(AVM) & ADG (P)(AIR) of Zones will jointly approve the names of 15 offices (5 from each wing i.e. Admin, Program & Engineering) for creating teams for Peer-Inspection. The team members should be from same zone but may belong to different locations/offices. Such created teams can inspect the offices where any of team members is not posted. The senior most officers will head the team. Similar procedure will be followed in Zones of Doordarshan also. Thus, ***ADG(P)& ADG(E) are to select efficient & motivated officers with appropriate skill set for successful implementation of this concept.***
- c. The peer Inspection team will follow rules/procedures similar to Audit. They need to submit the report to the zone ADGs & copy to inspection unit of Directorate within 7 days of completion of inspection of unit.
- d. The **proformas** to carry out Peer Inspection will be made by Internal Inspection unit of Directorates in consultation with Zone ADGs & field units. The Inspection parameters & environmental concerns should be suitably integrated in Performance Inspection of the units according to programmes, schemes, projects, operations and activities. Thus, proformas formats should be developed with detailed purpose to inspect the units & auditing its performance.

3. Functions & Duties of an Internal Inspection Team for Peer Inspection

- a. Records Availability & updating: All record, reports, transactions, business records, registers involving the financial dealing, bank details, inventory, payrolls, and service books should be available at units.
- b. Checking all records, reports, correspondences, approvals, budget provisioning, and finding deficiencies and suggesting improvements.
- c. Checking prompt and accurate recording of transactions in the relevant records/register/software for accuracy/authenticity of various returns and accounting details reported to the management.
- d. Asset & inventory verification: It is essential to avoid misuse, abuse and unauthorized access/use of assets by proper/periodical physical verification and inventory management by verifying assets & taking actions in case of differences during reconciliation. The assets created by all wings program, administration, engineering should be independently checked.
- e. Verification of Procedures/outcome: The methods and procedures followed by the unit must be appropriate to discharge the assigned functions and activities efficiently in achieving the outcome.

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- f. Peer-Inspection must verify the status of settlement of the earlier internal Inspection observations and suggest appropriate measures for proper settlement. It must focus on action taken on the deficiencies pointed by audits.
- g. Peer-Inspection team must help the Inspected units to build the requisite competence in financial management, improving the existing systems, procedures, and process and internal controls, proper maintenance of the books of accounts.

4. Functions & Duties of an Audit Coordinator of Zone (i.e. ACZ)

- a. ACZ should prepare annual and periodical Peer-Inspection programmes to cover all the units with the approval of Internal Inspection units of respective directorates.
- b. ACZ should focus to conduct training for following the required accounting practices and effective financial management.
- c. ACZ will maintain consolidated information about all units in its jurisdiction like Physical details: Unit Name, Location, Important Contact Address, details of Heads. However, these details are/should mostly available on website. Consolidated Report on Date of Last Audit, Periodicity of Audit, date of last Audit, Period of Audit conducted, Working days taken for Audit, List of Audit observations with monetary value, Categorization of Audit Paras, action taken by the unit, reminders issue, and remarks. The record of consolidated Audit Paras should be updated regularly. ACZ should maintain a Guard File for the Office orders, circulars issued by the Directorate and Prasar Bharati.
- d. Ensuring Consolidate Reporting: All Units are sending their audit detail to respective Directorate. ACZ should may also weight & check the progress of audit settlement speed & intervene if required to speed up the process. Directorates should periodically issue guidance in this regard.
- e. ACZ will provide inputs to Internal Inspection of Directorate for issue of a yearly Audit reports with observation to update and guide field units to avoid recurrence of same kind of observations/mistakes in future.
- f. ACZ should use digital formats/communications for most of the correspondences & data gathering etc.