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(India's Public Service Broadcaster)
Prasar Bharati Secretariat
(Budget & Accounts Section)
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Accounting Circular No. 14

Subject: Instructions regarding Accounting of Inter-Unit Remittances

Various units of Prasar Bharati are often required to transfer funds to other units of Prasar Bharati for one reason or the other. Such remittances are termed as inter-unit remittances as funds remain within the same organization and no expenditure is incurred. During the process of such transfer of funds, both transferring and receiving units in a transaction are required to make necessary entries in their respective R&P Accounts. Accordingly, the unit receiving funds from other unit will enter the received amount under the Remittance Heads "**Funds received from other units**" on the Receipt side of the R&P Account and the unit transferring funds to the other unit will enter the transferred amount under the Remittance Heads "**Funds transferred to other units**" on the payment side of the R&P Account. In this case there will not be any difference in the remittance heads when we see the consolidated accounts of Prasar Bharati.

It has however, been observed that some units who are transferring funds to CCW units and some other units of PB are treating such inter-unit remittances as expenditure. Further, when CCW units received such funds they rightly treat such receipts under "**Funds received from other units**" and rightly book the expenditure when they execute the work. This is resulting into booking of expenditure twice for the same amount resulting into creating unnecessary liability in the system. This has resulted into an accumulated liability of about Rs. 400.00 Cr in our annual accounts and lot of efforts are being made to reconcile these figures which was otherwise avoidable if we had reported such remittances correctly in R&P accounts.

During the audit of annual accounts of Prasar Bharati, CAG has been regularly raising an audit para regarding this liability. CAG has pointed out that there has been a huge difference in the remittance heads and therefore, the accounts of Prasar Bharati do not give the true and fair view of the status of the organization. Further while preparing the annual accounts of Prasar Bharati for the financial year 2019-20, it has emerged that there is a difference in the Remittance Heads to the tune of Rs.375.73 cr.



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In order to avoid any further accumulations in the difference of the Remittance Heads, different such inter-unit remittances have been examined along with commonly made errors and based on which the following transaction-wise general guidelines are being issued for strict adherence by all units of Prasar Bharati:

1. **Minor Works:** Presently, PB transfers funds to various units including Zonal offices for repair and maintenance\special maintenance work on the basis of approved BE/RE and in turn field units transfer the amount to CCW for getting the required works executed. In such cases, it has been noticed that the units transferring the funds to CCW units book such transactions as expenditure rather than booking such such transactions under the Remittance heads under "Funds transferred to other units". On the other hand, the CCW units receiving funds correctly book the amount received in the Remittance heads under "Funds received from other units" and on the payment side book the amount as expenditure under minor work as and when the work is completed or expenses are actually incurred. In this case, the expenditure under minor works are booked twice for the same amount which results in the difference in the remittance heads.

In this case the DDOs of the funds transferring units are requested to book the amount transferred in the Remittance Heads under "Funds Transferred to Other Station/Kendras" only. All the funds receiving units including CCWs will book the funds received in the Remittance Heads under Funds received from Other units/Kendras only and will book in the respective expenditure head when the expenses are incurred such as minor Work, etc.

2. **Deposit Works:** It has been observed that the CCW units receive funds from the third parties i.e. other than Prasar Bharati like PNB, FD Mumbai etc and book the same under the heads "Inter Current Account Received by Other stations/kendras" instead of Deposit works. The funds received from the third parties other than Prasar Bharati should be accounted for under head Deposit works and expenditure on such deposit works should be booked under deposit work on payment side of the R&P only. Any unspent amount may be refunded to the party by making a negative entry on the receipt side in the Deposit work.
3. **Shareable expenses:** It has also been noticed that sometimes one unit incurs joint expenses i.e. attributable to more than one unit such as electricity charges, water charges, maintenance charges etc.. In this case, the payment is made by one unit (say unit A) and whole expenditure is booked in the concerned expenditure head. After making the payment, the



unit (unit A) raises the claim to the other field unit (say unit B) to reimburse the amount paid by unit A and attributable to unit B. The unit B settles the claim and book the expenditure in the concerned expenditure head. Unit A on receipt of the funds book it under Remittance Head instead of booking it as a minus entry in the concerned expenditure head. This results in double booking of expenditure by both field units (A and B). In the present case, both units should not use Inter Current Account Transfer of Funds other stations/kendras. The field unit (A) should book the funds received from (unit B) to reduce the expenditure already booked.

For instance, DDK Ahmedabad pays electricity bill of building amounting to Rs. 5,00,000/- and book the expenditure under head power supply. This bill is shareable with CBS Ahmedabad to the extent of Rs. 2,00,000 and CBS makes the payment of this amount to DDK Ahmedabad and should book expenditure under the head power supply. On receipt of the payment from CBS Ahmedabad, DDK Ahmedabad should book the amount received as a minus entry on the payment side under power supply head thereby reflecting the actual expenditure in the accounts of DDK Ahmedabad to the tune of Rs. 3,00,000/-.

4. **Funds Transferred from one Bank Account to another:** Generally, units are transferring funds from one bank account to another bank account due to the funds shortage in a particular head resulting in the re-appropriation of the funds. As per GFR 2017, diversion of funds is not allowed. In future, no funds should be transferred from one bank account to other bank account without written approval of the Directorate / Budget Division. If the appropriation is approved by the Directorate, the transfer may be shown in the bank book as transfer of fund from one account to the other on the receipt as well as on payment side. The fact may be mentioned in the Bank Reconciliation Statement. In this case also no remittance entry is required to be reflected in the R&P Account.
5. **Commercial Receipts on behalf of others:** It has also been observed that few stations receive commercial receipt on behalf of other offices. At the time of the receipt, the amount received is booked under head Commercial receipt although the total receipts also included the share of other units. Accordingly, the receiving units transfers the share of the other unit to the concerned unit and book the payment under head Inter Current Account – Funds transfer to other Kendra. When the funds are received by the other unit, the amount is booked under head Commercial receipts again thereby increasing the commercial receipts and leaving the remittance un-reconciled.

In order to avoid this problem of double booking of commercial receipts and un-reconciled remittance heads, the unit transferring the share of the commercial



receipts to other unit shall transfer the amount by making a minus entry in the head of Commercial Head only. On the other hand, the fund receiving unit will ensure not to receive such fund transferred in the remittance heads but to show as Commercial Receipts.

Apart from the above, it is also mentioned that for inter unit remittances i.e. transfer entries between two Prasar Bharati units, only online transfers modes such as NEFT/RTGS, etc may be used.

The above are few instances of often made errors by the units in using the Remittance Heads. Units are requested to apply the logic while using the Remittance Heads. There should be two remittance entries of a transaction i.e. one by the transferring unit and the other by the receiving unit. The fund transferring unit should ensure that the funds received by the other units have been correctly accounted for. In the absence of either of the entry of the Remittance transaction, a balance is created which needs to be reconciled. In case of any other similar transaction which is not covered above, clarification may be sought from the finance wings of the respective directorate or from B&A wing of Prasar Bharati Secretariat to avoid errors in reporting such transactions in books of accounts.

In order to avoid such reconciliation and adverse comments of the CAG Audit, all the DDOs are requested to ensure to book the Remittance transactions cautiously by adhering to instructions given above.

Finance Wings of both the Directorates are requested to circulate this circular among all HoOs, DDOs, zonal heads and other concerned and ensure strict compliance in reporting such transactions in R&P accounts of all DDOs.


21.10.2020

(C.K. Jain)

Dy. Director General (B&A)

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