भारतीय लेखापरीक्षा और लेखा विभाग
क्षेत्रीय प्रशिक्षण संस्थान, मुंबई
Indian Audit & Accounts Department
Regional Training Institute, Mumbai
कॉर्पोरेट वित्त व अभिशासन, इप्सास और वाणिज्यिक लेखापरीक्षा के लिए ज्ञान केंद्र
Knowledge Centre for Corporate Finance and Governance, IPSAS and Commercial Audit

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

सुप्रसंग

शिक्षण स्थान

ज्ञान और नवजीवन के सूर्योदय का सुप्रसंग

Celebration of the Sunrise of Knowledge and New Life

सूचनापत्र /Newsletter

Issue 17 **For April- September 2019**

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Thought for the day:

कोशपूर्वास्सर्वारम्भा: ॥ तस्मात्पूर्वं कोशमवेक्षेत ॥- "All undertakings depend upon finance. Hence foremost attention shall be paid to the treasury."

Arthasastra of Kautilya - Book 2, Chapter VIII, First Stanza

Section 1: From the desk of Director General……

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Dear Reader,

During the half-year ended September 2019, RTI, Mumbai was bustling with continuous and dynamic activity and hence, we felt that it would be more opportune to issue this newsletter at the end of six months, instead of quarterly. At the outset, I am pleased to share with you the news that RTI, Mumbai has been ranked first among all RTIs across the country, based on Headquarters' assessment of our performance during the year 2018-19, based on the Performance Monitoring Framework.

We successfully completed the Headquarters' mandated training for DRAAOs in April 2019. For this, we are thankful to the all the offices, who rendered faculty support, even at a very short notice. We conducted Workshops on Performance Audit (Civil, Commercial, Revenue) in June 2019 and Compliance Audit in August 2019. These were greatly appreciated by participants.

We also conducted 20 other training programmes successfully. These included a training programme on our Knowledge Centre topic - Commercial Audit on Certification Audit of Accounts including Financial Audit of Autonomous Bodies, which was held in May 2019 with 30 participants. This included 10 additional participants from Defence Audit, for whom an additional day of training was held.

Mid-term meeting of the Regional Advisory Committee was held on 25 September 2019, in which the performance till date and way forward for RTI for the current year were discussed.

On our research efforts, our research paper on 'Working Capital Management in PSUs' in diglot form, has been approved and disseminated to all RTIs/ RTCs by Headquarters on 12 July 2019, after peer review. We took up the task of preparing a participants' booklet based on our STM on Corporate Governance and Ethics, as directed by Headquarters. This is intended as a pilot project to design a template for other RTIs to adopt in due course.

We celebrated Independence Day 2019 as also Hindi fortnight with great enthusiasm.

We are happy to introduce a segment on reader's feedback in this edition.

We shall continue to await contributions to the newsletter by way of guidance, material and feedback on the same through e-mail.

Regards,

Alka Rehani Bhardwaj

Section 2: Summary of courses conducted and events in RTI, Mumbai during the half-year ended 30 September 2019

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(i) Training Courses we conducted

(a) General Courses, including Knowledge Centre

Sl. No.	Name of course	Number of participants
1	**Knowledge Centre Topic-** Induction training for DRAAOs (Commercial)	37
2	Induction training for DRAAOs (Defence)	24
3	Induction training for DRAAOs (Railways)	11
4	Financial Rules and Financial Management	18
5	**Knowledge Centre Topic-** Induction training for DRAAOs (Commercial)-PC-26 (Additional)	24
6	Induction training for DRAAOs (Defence)-PC-23 (Additional)	11
7	**Knowledge Centre Topic-** Induction training for DRAAOs (Commercial)-PC-12 (Additional)	27
8	Induction training for DRAAOs (Defence)-PC-9 (Additional)	15
9	Induction training for DRAAOs (Railways)-PC-19 (Additional)	9
10	**Knowledge Centre Topic-** Induction training for DRAAOs (Commercial)-PC-20 (Additional)	26
11	Induction training for DRAAOs (Defence)-PC-17 (Additional)	13
12	Induction training for DRAAOs (Railways)-PC-25 (Additional)	5
13	Induction training for DRAAOs (Railways)-PC-11 (Additional)	6
14	**Knowledge Centre Topic-** Induction training for DRAAOs (Commercial)-PC-15 (Additional)	15
15	Induction training for DRAAOs (Defence and Railways)-PC-14 (Additional)	17

Sl. No.	Name of course	Number of participants including number of IA & AS participants given in brackets
16	**Sector –specific Workshop** on Performance Audit (Civil, Commercial and Revenue)	38 (6)
17	**Knowledge Centre Topic-** Certification Audit of Accounts including Financial Audit of Autonomous Bodies	30
18	Pre-retirement course	30
19	Budgetary Process in the Government, usage of iBEMS in IA & AD and integration with PFMS	33
20	Soft Skills	25 (1)
21	Goods and Service Tax	25
22	Financial Attest Audit Guidelines	21
23	Audit Evidence	17
24	Induction Course for AAOs/ AOs	20
25	Communication and Motivation	26
26	**Workshop** on Planning, Conducting and Reporting of Compliance Audit as per new Compliance Audit Guidelines, 2016	31 (3)
27	Audit Reporting	17
28	Audit of Direct Taxes	9
29	Introduction to e-procurement (GeM and CPPP) and e-tendering (CPPP)	31
30	Audit of PPP Projects	16

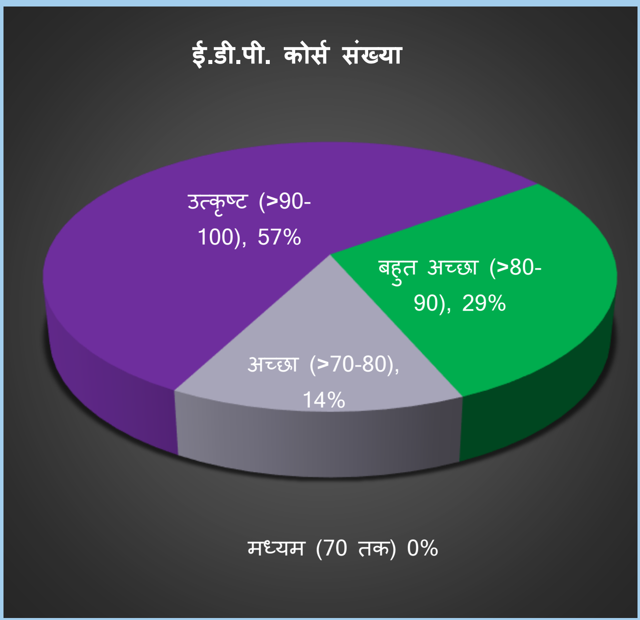
In General training, 11 additional training programmes were organised for DRAAOs from 18 April 2019 to 30 April 2019. The change was based on HQ instructions dated 4 April 2019 to focus training on subjects not cleared by the participants, resulting in reduction of courses scheduled for EDP topics and consequent increase in General training courses.

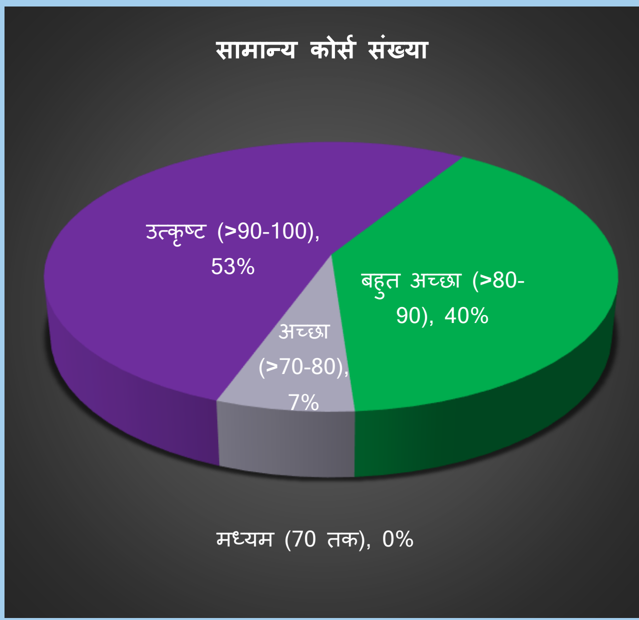
(b) EDP Courses

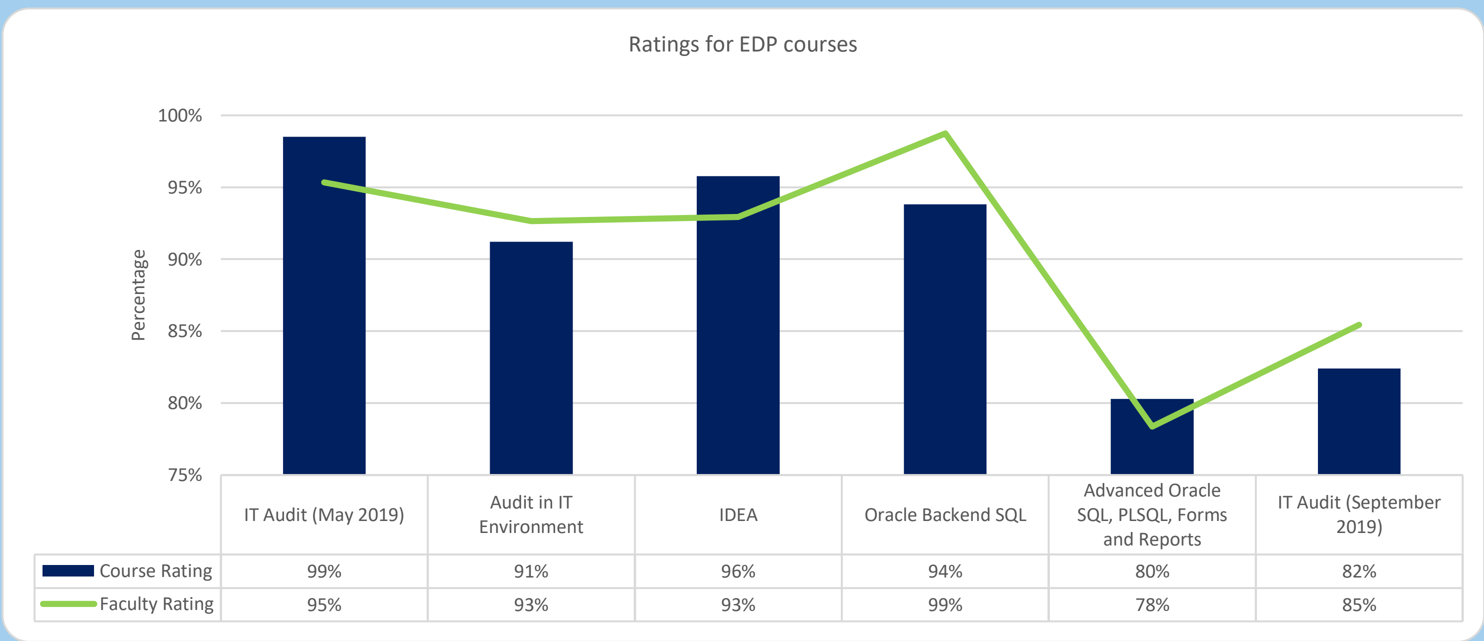
Sl. No.	Name of course	Number of participants
1	Induction Training for DRAAOs (PC 3 and 4)	14
2	IT Audit (May 2019)	15
3	Audit in IT Environment	18
4	IDEA	17
5	Oracle Backend SQL	21
6	Advanced Oracle SQL, PLSQL, Forms and Reports	22
7	IT Audit (September 2019)	15

(c) Performance Graph

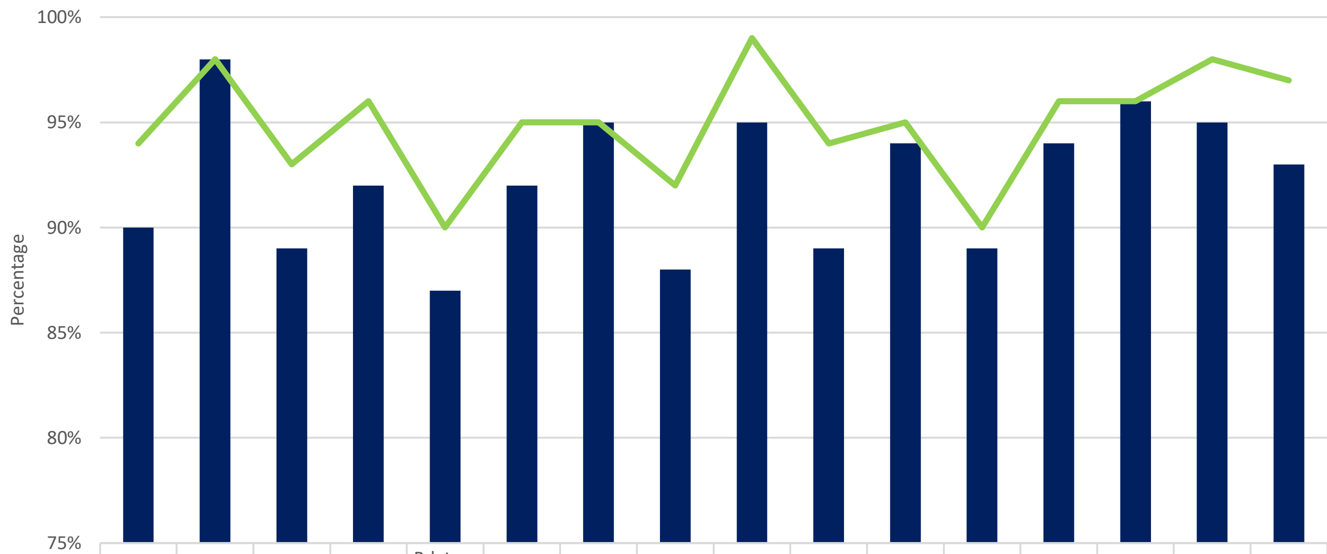
Graphical presentation of ratings of the courses conducted is given below.





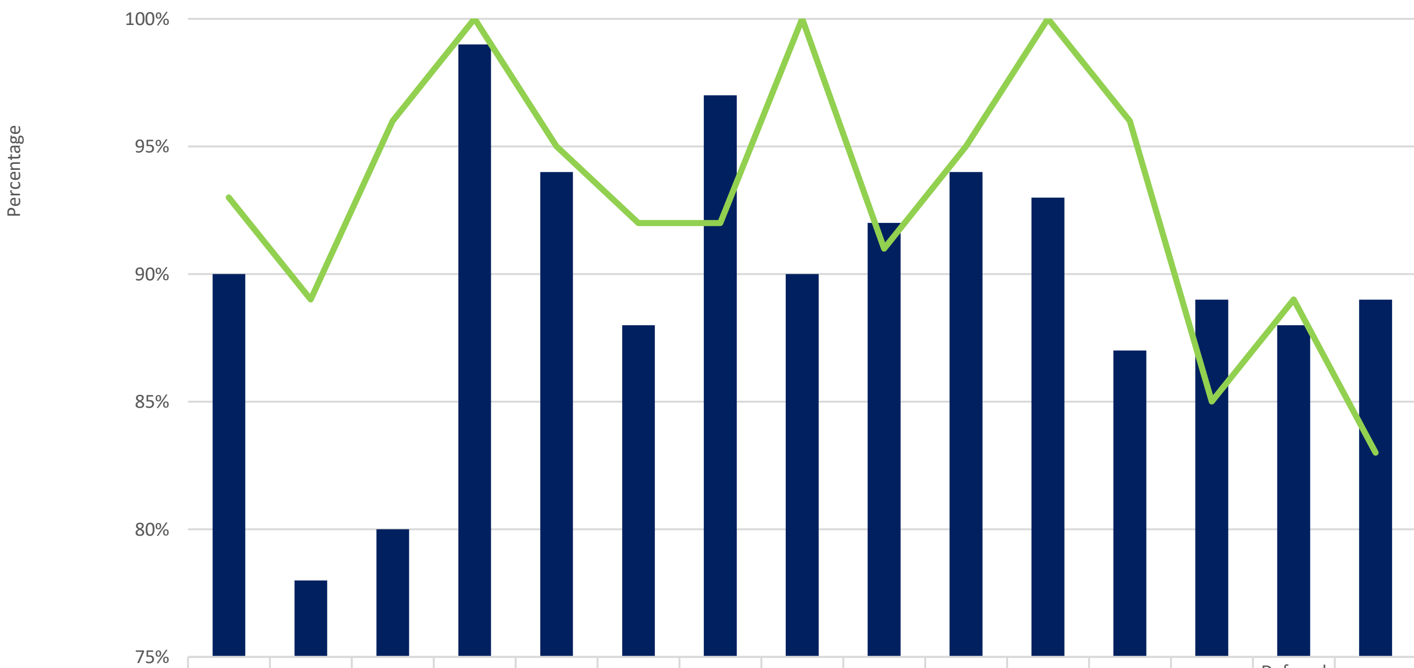


Ratings for General courses



	Finl. Rules Finl. Mgmt.	Wkshp on PA	Finl. Adt. of ABs	Pre-rett. course	Bdgtry. Prcss, iBEMS and PFMS	Soft Skills	GST	FAAG	Adt. Evdnce	Indn. Course - AAOs/ Aos	Comm nn.,Mo tivn.	Wkshp on Compl. Adt.	Adt. Rptg.	Adt. of Direct Taxes	E-proctt., e-tndrg.	Audit of PPP Prjts.
Course Rating	90%	98%	89%	92%	87%	92%	95%	88%	95%	89%	94%	89%	94%	96%	95%	93%
Faculty Rating	94%	98%	93%	96%	90%	95%	95%	92%	99%	94%	95%	90%	96%	96%	98%	97%

Ratings for DRAAO Induction Training



	Comml.	Def.	Rly.	Comml.-PC-26	Def.-PC-23	Comml.-PC-12	Def.-PC-9	Rly.-PC-19	Comml.-PC-20	Def.-PC-17	Rly.-PC-25	Rly.-PC-11	Comml.-PC-15	Def. and Rly.-PC-14	EDP
Course Rating	90%	78%	80%	99%	94%	88%	97%	90%	92%	94%	93%	87%	89%	88%	89%
Faculty Rating	93%	89%	96%	100%	95%	92%	92%	100%	91%	95%	100%	96%	85%	89%	83%

(d) Toppers in end-course test- EDP

Course	Average percentage in End Course Test	Toppers	Office Name
IT Audit (May 2019)	69.00	Shri Sunil Kumar Meena	O/o PAG (ERSA), Gujarat, Ahmedabad
Audit in IT Environment	74.41	S/Shri	
		1. Pulkit Agrawal	O/o DGA (Central), Mumbai
		2. Rahul Kumar Maurya	O/o DGA (Western Railway), Mumbai
		3. Galdhar Yogesh	O/o PDA (Central Railway), Mumbai
IDEA	82.35	The participant got full marks	
		Ms. Jaya Gomez	O/o AG (A & E)-I, Maharashtra, Mumbai
Oracle Backend SQL	89.52	The following 8 participants got full marks- S/Shri	
		1. Neeraj Singh Negi	O/o PDA (Central), Ahmedabad
		2. Prashant Kumar	
		3. Gaurav Madan	O/o PAG, Goa
		4. Atendra Kumar Jain	O/o P&T Audit, Branch: Ahmedabad
		5. Mohit Kumar Goyal	O/o PAG (ERSA), Gujarat, Ahmedabad
		6. Rameshwar Lal	O/o AG (A & E)-I, Maharashtra, Mumbai
		7. Kuldip Chanabhai Sondarva	O/o PAG (A & E), Gujarat, Rajkot
		8. Dhanesh Kumar Singh	O/o DGA (Central), Mumbai
Advanced Oracle SQL, PLSQL, Forms and Reports	59.55	Shri Rameshwar Lal	O/o AG (A & E)-I, Maharashtra, Mumbai
IT Audit (September 2019)	65.67	1. Shri K Shankar Rao	O/o PAG (Audit)-III, Maharashtra, Mumbai
		2. Ms. Thelma Paul	O/o PAG (Audit)-I, Maharashtra, Mumbai
		3. Shri Narender Kumar	O/o PDCA & MAB-II, Mumbai
		4. Shri Rakesh Kumar	O/o PDA (Central Railway), Mumbai

(e) Toppers in end-course test- General

Course	Average percentage in End Course Test	Toppers	Office Name
Financial Rules and Financial Management	61.67	Mr. Rajnish Kumar	O/o PAG (Audit)-I, Maharashtra, Mumbai
Goods and Service Tax	76.60	S/Shri	
		Ashok Kumar	O/o PAG (Audit)-I, Maharashtra, Mumbai
		Ashutosh Awasthi	O/o DGA (Central), Mumbai
		Ganesh Prakash	O/o PAG (ERSA), Gujarat, Ahmedabad
		Sanjay Kumar Sinha	O/o PDA (Central), Ahmedabad
Financial Attest Audit Guidelines	78.10	The following participants got full marks-	
		Ms. Deepa F Vaz	O/o PAG, Goa
		Shri Ashish Kumar Yadav	O/o PAG (GSSA), Gujarat, Ahmedabad
		Ms. Tulja Paliwal	

Course	Average percentage in End Course Test	Toppers	Office Name
		Ms. Vinita Joshi	O/o P&T Audit, Branch: Mumbai
Audit Evidence	74.90	The participant got full marks-	
		Ms. Preeti Devi	O/o DGCA & MAB-I, Mumbai
Audit Reporting	78.82	Shri Navpreet Chaddha	O/o DGA (Western Railway), Mumbai
Audit of Direct Taxes	65.19	Ms. Sunita Narendra Keni	O/o DGA (Central), Mumbai
		Shri John Philip	O/o PAG (Audit)-III, Maharashtra, Mumbai
Audit of PPP Projects	90.13	The following participants got full marks-	
		Shri Vijit Singh	O/o PAG (Audit)-III, Maharashtra, Mumbai
		Ms. Anita Budhrani	O/o DGA (Central), Mumbai
		Shri Rohit Tyagi	O/o PDCA & MAB-II, Mumbai
		Shri Sanjay Gautam	O/o PDA (Central), Ahmedabad

(ii) Our Research Activities

1. Comments based on peer review of our research paper on 'Working Capital Management in PSUs' were received from Headquarters in June 2019. The revised version of the paper, taking into account these comments was sent to Headquarters in July 2019. This version was approved and disseminated by Headquarters to all RTIs/ RTCs in the same month. It is hosted at http://rtimumbai.cag.gov.in/docdownload/Readingmaterial/Research%20paper%20on%20Working%20Capital%20Mgmt%20in%20PSUs_March%202019.pdf on our website as well.
2. A Conclave of Heads of RTIs/RTCs was held on 22 & 23 August 2019 at Headquarters. The Conclave was chaired by Deputy Comptroller and Auditor General (HR & Training). It was decided therein, *inter alia*, that RTI Mumbai in coordination with an external training partner will design and develop a booklet for participants on the basis of any one select STM content. The booklet will be forwarded to Training Wing for approval. Thereafter, the booklet template will be circulated to all RTIs/RTCs to develop similar booklets for the STMs they have developed. We are privileged to be associated with this project, as a first-time venture and to be selected for preparing a template for potential adoption by all RTIs/ RTCs in future. The task was taken up in association with National Institute of Securities Markets (NISM), with whom we already have an MOU for knowledge sharing. The booklet is based on our STM on Corporate Governance and Ethics, approved by Headquarters in November 2018.

(iii) RTI, Mumbai rendered infrastructural support for the following events/ programmes:

- कार्यालय महानिदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन सदस्य लेखापरीक्षा बोर्ड-1, मुंबई द्वारा बांद्रा-स्थित कार्यालयों के लिए आयोजित हिंदी पारंगत प्रशिक्षण के 8 प्रशिक्षणार्थियों के लिए जनवरी 2019 से मई 2019 तक हर शुक्रवार पूर्वाह्न सुविधा दी गई ।
- Visit of DAI (C) to O/o DGCA & MAB-I, Mumbai at Conference Hall on 2 April 2019.
- Confirmatory Examination by O/o DGCA & MAB-I, Mumbai at 4th Floor Classroom on 24-26 April 2019.
- Video Conference with DAI (C) and all MABs at Conference Hall-Trial on 22 April 2019 and event on 23 April 2019 FN.
- SAS examination preparation by participants from O/o DGCA & MAB-I, Mumbai from 6-18 June 2019 (10 working days) in Classroom on 3rd floor.

- कार्यालय महानिदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन सदस्य लेखापरीक्षा बोर्ड-1, मुंबई द्वारा सप्ताह में एक दिन आयोजित हिंदी प्रबोध, प्रवीण, प्राज्ञ और पारंगत प्रशिक्षण के लिए जुलाई से नवंबर 2019 तक अध्ययनकक्ष की सुविधा दी गई ।
- IT Practicals for SAS candidates of O/o DGA (Central), Mumbai were conducted at EDP Lab-II for 3 days from 21-23 August 2019.
- PD, CR conducted mid-term appraisal on long para of 'Price Variation Clause' at Conference Room on 13 September 2019.

(iv) Significant Events/ developments in RTI, Mumbai

- Smt. Priti Sadashiv Bagwe, Sr. Accountant retired from RTI, Mumbai on superannuation w.e.f. 31 August 2019 after a tenure of nearly 23 years on deputation from O/o PAG (A&E), Gujarat, Ahmedabad Branch. The immense contribution of the official to RTI, Mumbai is gratefully acknowledged.
- Shri Piyush Ramteke, Audit Officer (Core Faculty and Admn.) was relieved on repatriation to Commercial Audit cadre w.e.f. 31 August 2019, for joining O/o DGCA & MAB-I, Mumbai after a tenure of close to two years at RTI, Mumbai. The quantum of visible and qualitative refinements in office processes and practices initiated by him during his tenure has been remarkable.
- Shri Sundar Ramakrishnan, joined RTI, Mumbai as Sr. Audit Officer (Core Faculty and Admn.) on deputation from O/o DGA (Central), Mumbai w.e.f. 3 September 2019.
- The first meeting of the Committee constituted for rolling out the **Systems Automation Initiative (SAI)-Training**, chaired by DG, RTI, Mumbai was held on 12-13 September 2019. SAI-Training is a project designed to entirely automate training processes in RTIs/ RTCs. The path for achieving the mission was delineated, so that it could be launched on 1 January 2020 across the country.
- **Mid-Term Meeting of Regional Advisory Committee** of RTI, Mumbai was held on 25 September 2019 to discuss performance and way forward for RTI. In addition to this, a demonstration of the features of Systems Automation Initiative (SAI)-Training was made to the RAC by Smt. Sowmini, Sr. Audit Officer, RTC, Bengaluru. The meeting was chaired by Director General of Audit (Western Railway), Mumbai and attended by HsoD/ HsoO of user offices under jurisdiction of RTI.
- RTI, Mumbai was ranked first among all RTIs in India for the year 2018-19, based on the **Performance Monitoring Framework** designed by Headquarters for assessment of performance of RTIs. The framework considers self-assessment and assessment by user offices and Headquarters of various parameters of training, research, office processes and infrastructure.

When learning is purposeful, creativity blossoms.
When the creativity blossoms, thinking emanates.
When thinking emanates, knowledge is fully lit.
When knowledge is lit, economy flourishes.

Dr. A P J Abdul Kalam

Section 3: Photo Gallery

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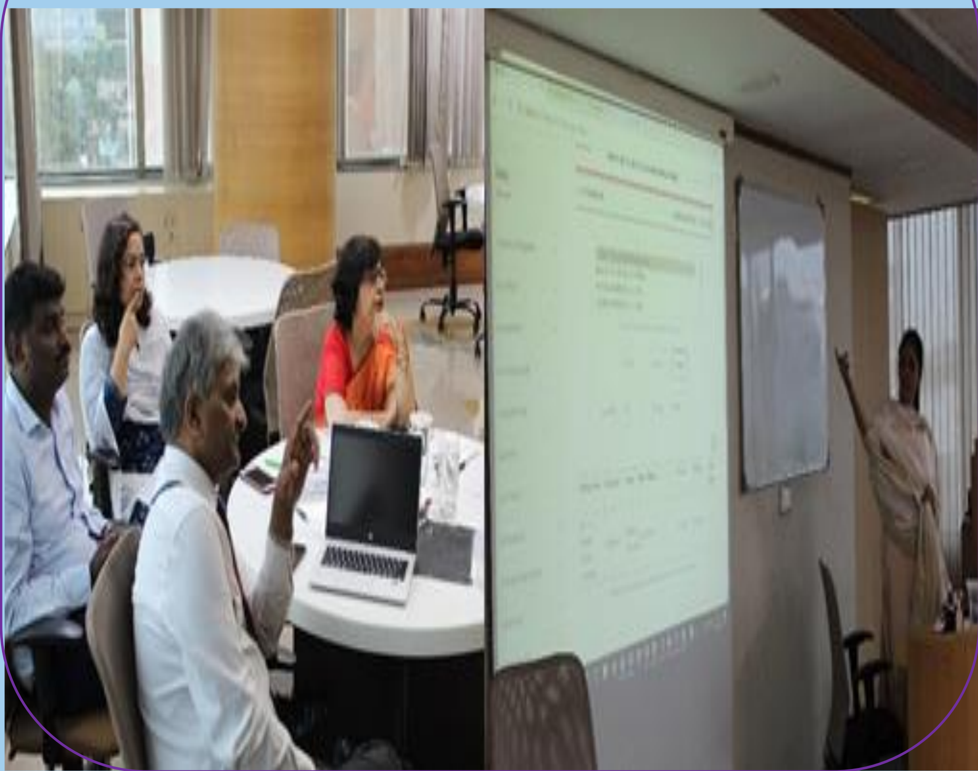
Retirement of Smt. Priti Bagwe and relieving of Shri Piyush Ramteke

First Meeting of Committee to discuss SAI-Training Project



DRAAOs Induction Training 2019

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RAC Meeting - 25 September 2019

Section 4: Gist of significant observations in CAG's reports relating to Knowledge Centre topics

An adapted compendium of highlights of significant observations in CAG's reports relating to Knowledge Centre topics tabled in competent Legislature/ Assembly during the half-year ended September 2019

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Commercial Audit:

Report No.5 of 2019 - Operational Performance of NMDC Limited, Union Government (Commercial), Ministry of Steel for the years 2012-13 to 2016-17 tabled in Parliament on 8 July 2019

Performance of Dumpers operated at NMDC

BEML (PSU) and Caterpillar Dumpers were mainly used by the Company in its mining operations which were procured through open competitive bidding. The performance and utilization of these Dumpers were analyzed since the date of commissioning across three projects. It was observed that the performance and utilization of Dumpers of BEML make was low on account of frequent mechanical breakdowns/ failures.

We observed that:

(a) Of the 19 BEML make Dumpers in Bacheli, only one Dumper commissioned in March 2013 and three Dumpers commissioned in March 2016 had the higher average utilization per year than that of the Caterpillar Dumper (commissioned in June 2003). The performance of balance 15 BEML Dumpers commissioned during the period 2004-2009 was lower than the Caterpillar Dumper despite the fact that they were of a later acquisition than the Caterpillar Dumper. (b) The range of average annual utilization of Dumpers of Caterpillar make were better than the utilization of BEML make Dumpers. The Caterpillar make Dumpers that were commissioned in Kirandul complex during 2003, 2005, 2006 and 2011 had higher average utilization than the BEML make Dumpers commissioned during 2008, 2010 and 2012. (c) In respect of Donimalai complex, the average annual utilization of Caterpillar Dumpers procured in 2006 was higher than the average annual utilization of BEML 100S Dumpers procured during 2013.

Learning Points:

Supplies from PSU have an implicit assurance of quality of product and transparency in procurement processes, as they are perceived to be authenticated by a Government entity. Hence, it is essential that supplier PSUs do not belie these reasonable expectations, lest it lead to reputation risk for the Government. The supplier PSU may be an Original Equipment Manufacturer (OEM), or may be a re-seller (trader) in the equipment supplied. Audit across PSUs to see how much manufacturing or value addition to the equipment has happened in the supplying PSU proper vis-à-vis how much is resale of procured equipment will help in arriving at conclusions in this regard. For this, use of cost accounting and valuation tools as in "Make in India" norms would help. In the event that the supplier PSU is an OEM and substantial value addition to the equipment has taken place at their end, it reflects poorly on the quality assurance of the supplier PSU. If the supplier PSU is, substantively, only a trader, the 'PSU veil' would have to be pierced and quality of the supply would have to be gauged when it enters the gates of the supplier PSU. Such cases may reveal de facto private sector/ foreign supplies disguised as PSU supplies. It may indicate lack of due care in procurement practices of the supplier PSU, leading to reputation risks in the market where it sells the equipment and buyer PSUs being saddled with such low quality equipment, benefitting the, probably non-PSU, original supplier of low quality equipment.

Report No.2 of 2019 - State Finances Audit Report, Government of Gujarat for the year ended 31 March 2018 tabled in State Legislature on 9 July 2019

Non-receipt of information pertaining to Bodies/Authorities substantially financed by the Government

In order to identify institutions which attract Audit under Sections 14 and 15 of the CAG's (DPC) Act, the Regulations on Audit and Accounts, 2007 provide that the Governments and Heads of Department which sanction grants and/or loans to Bodies or Authorities shall furnish to the Audit Office by the end of July every year, a statement of such Bodies and Authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the purpose for which the assistance was sanctioned, and (b) the total expenditure of the Body or Authority. On taking up the issue with the State Government, only five of 27 Departments furnished the details of grants-in-aid given to various Bodies and Authorities during 2017-18. **Based on this, seven new Bodies/Authorities under these five Departments were identified for audit.** In the absence of information from 22 Departments, Audit could not give assurance to that extent to the Legislature/Government about the manner in which the grants sanctioned/released by them had been utilised.

Learning Point:

Observations in State Finances Audit Report can expand the horizons of the known audit universe for commercial audit. This is an instance where the Regulations and Audit and Accounts, 2007 were cited to elicit information from Departments and it has led to detection of seven auditable units hitherto 'hidden' from Audit view. Commenting on the departments which have not given the information would enforce more transparency in future. RTI, Mumbai in its training programmes on Regulations and Audit and Accounts, 2007 and on Certification Audit including Financial Audit of Autonomous Bodies highlights these aspects. ***As far as Central Autonomous Bodies are concerned, list of annual reports, annual accounts or audited accounts placed before Lok Sabha can be referred, to see if any of these entities need to be subject to CAG audit. This is available at http://164.100.47.194/Loksabha/PapersLaid/SearchPaperslaid.aspx which gives the list of all papers placed before Lok Sabha.*** *Leads on some entities can get captured through this mechanism, even if details are not furnished by Executive Government to Audit. Similar scrutiny of papers laid before State Legislature may also be useful in this regard.*

Report No.2 of 2018 – Public Sector Undertakings, Government of West Bengal for the year ended 31 March 2017 tabled in State Legislature on 11 July 2019

Vehicular Emission by State Transport Undertakings (STUs) in West Bengal during the period from 2012-13 to 2016-17

Air pollution and its impact is an issue of concern in India. Air pollution is caused by emissions from vehicular, industrial and domestic activities. Despite this, the Transport Department, being the nodal department concerned for vehicular issues –

• Had not prepared action plans (i) to protect and safeguard the environment from pollution and (ii) mitigate green-house gas emissions arising out of vehicular emissions in operation of its STUs.

• Had not chalked out an air-quality management plan for vehicles. Consequently, attempts to introduce (i) environment-friendlier CNG vehicles and (ii) revive operations of trams in highly polluted urban areas had not materialised. The STUs did not comply with extant regulations with regard to air pollution. It was seen that majority of buses operated were non-Bharat Stage compliant and their road worthiness was suspect due to inadequacies in the system of issue of Pollution under Control Certificates (PUCs) and Certificates of Fitness (CFs). Further, the STUs failed to adopt the manufacturers' maintenance schedules to restrict emissions and fuel consumption. There were shortfalls in testing the actual emissions according to the defined parameters.

Many of the auto emissions testing centres from which certificates were obtained were operating without valid licences. As such, the actual emissions being released by these STUs in the state were underestimated, having serious implications on health and environment. It was also seen that all the STUs were running buses which were found to be violating the air quality norms defined by Central Pollution Control Board (CPCB). No Environment Management System (EMS) to address air pollution issues on a sustained basis was seen in any of the STUs. Further, requisite consents to establish and operate workshops had not been obtained. In its operations, the STUs violated Hon'ble Supreme Court, Hon'ble High Court and National Green Tribunal (NGT)'s directions regarding measures to control air pollution in the state.

Learning Point:

PSUs need to be even more conscious of environmental impact of operations. Observations on environmental implications need not cite money value. The fact that even PSUs are getting emission testing certificates from centres without valid licences is a cause of concern.

Report No.7 of 2019 – Marine Logistics Operations in Oil and Natural Gas Corporation Limited, Union Government (Commercial), Ministry of Petroleum and Natural Gas for the years 2012-13 to 2016-17 tabled in Parliament on 17 July 2019

Audit observed that, out of 22 near-miss incidents involving vessels, only three cases were reported. Eleven cases of collision and drifting of vessel were not reported. Due to non-reporting, the vessels continued to be deployed without getting their equipment rectified or enquiry conducted on the incident, thereby compromising the safety of offshore installations and the persons onboard.

Learning Point:

PSUs need to be even more conscious of safety of operations due to reputational risks. Observations on safety implications need not cite money value.

Report No.2 of 2019 – State Finances, Government of Rajasthan for the year ended 31 March 2018 tabled in State Legislature on 17 July 2019

3.3 Delay in submission of Proforma Accounts of Departmentally managed commercial undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare proforma accounts annually in the prescribed format, showing the working results of financial operations so that the Government can assess their functioning. The Heads of Departments in the Government are to ensure that the undertakings prepare such accounts and submit them to Accountant General for audit within six months of the closure of financial year. As of March 2018, seven out of 10 undertakings have prepared and submitted their accounts up to 2016-17. It is observed that an amount of ₹16,565.70 crore had been invested by the State Government in 10 undertakings at the end of financial year up to which their accounts were finalised. Of these, eight undertakings incurred accumulated losses of ₹12,211.94 crore for more than five years.

Learning Point:

In case of departmentally managed commercial and quasi-commercial undertakings too, proforma accounts are to be prepared in time and audited.

Report No.2 of 2019 - Economic, Revenue and General Sectors, Government of Sikkim for the year ended 31 March 2018 tabled in State Legislature on 2 August 2019

Non-adoption of open tendering resulting into additional expenditure

The Sikkim State Co-operative Supply and Marketing Federation Limited (SIMFED) was established with the objectives of supply of agricultural inputs to farmers, sale/marketing of agricultural produce, carrying on trading in agricultural produce and any other essential commodities, etc., as an apex marketing Co-operative Society for the State Government.

Clause 6.2 of the Purchase Manual of SIMFED stipulated that if the estimated value of procurement was above ₹25 lakh, the procurement should be through open tender advertised in one local newspaper and one national newspaper with a time frame of six weeks for submission of bids.

Government of Sikkim had placed (October 2015) an order with SIMFED to supply 3832 furniture sets within one month (November 2015), to be procured from authentic manufacturers or authorised dealers. SIMFED sought (28 October 2015), through its website, bids from its registered dealers/suppliers therefor. The bids were to be submitted by 10 November 2015. In response, three registered suppliers submitted their bids. The supply order was issued (18 November 2015) to L1 (lowest quoted price) bidder at his quoted rate of ₹5,980 per set and the delivery was completed in November 2016. SIMFED made a total payment of ₹2.22 crore towards the supply.

Audit observed that SIMFED did not publish the Notice Inviting Tender (NIT) in leading newspapers as prescribed in the Purchase Manual, despite being aware of the fact that the entire supply would cost more than ₹25 lakh, as SIMFED had procured similar sets of furniture way back in 2010. Instead, NIT was published only on the website of SIMFED. Besides, although the Purchase Manual prescribed open tendering, SIMFED adopted tendering limited only to suppliers registered with SIMFED, thereby leaving out the other suppliers who would have been covered through open tendering. Scrutiny showed that SIMFED did not insist on submission of dealership certificate along with the bid although it was one of the conditions of the NIT. Thus, SIMFED failed to ensure that the participating bidders were either original manufacturers or authorised dealers.

Audit further observed that the L1 bidder had procured the furniture sets from a manufacturer located at Siliguri at a cost of ₹3,500 (FOR) per furniture set and supplied the same to SIMFED at an inflated price of ₹5,980 per furniture set. Even after adding of ₹56034 as the freight charges approved by the Sikkim Nationalised Transport (SNT) and another ₹six per set as unloading charges and transit insurance of ₹350 (10 per cent of the price), the cost of one furniture set comes to ₹4,416 only. SIMFED replied (September 2018) that it advertised the NIT on its website as a standard practice because it was time and cost effective. SIMFED further added that the Siliguri based firm had offered to supply the same at ₹5,980 per set way back in 2010. Moreover, the furniture set had to be delivered in small vehicles whose rates were higher than SNT rates.

The reply was not acceptable as the purchase manual of SIMFED clearly prescribed for publishing NIT in local and national dailies in case of all purchases above ₹25 lakh. By restricting the competition, it failed to avail the latest prices at which the furniture was available in the market. Further, SIMFED's contention that the furniture had to be delivered in small vehicles in lot of 10-12 sets was not based on facts as delivery challans of SIMFED showed that single vehicle containing 45 to 49 furniture sets was used to deliver in two or more schools on the same date. Thus, SIMFED, by not following its own purchase manual, had caused an additional expenditure of ₹0.60 crore [₹1,920 (₹5,980 - ₹4,416) per set x 3,832 sets = ₹0.60 crore] to the State Exchequer.

Learning Points:

The para reveals multiple issues: 1. A State Co-operative Marketing Society was assigned procurement duties by the State Government, which is not the purpose of its formation. 2. This led to the Society, in effect, becoming a public sector agency for purchase from a re-seller private sector firm. 3. The procurement was neither in accordance with the Purchase Manual, nor did it encourage open competition. 4. Resultantly, the prices paid and logistics costs were higher than market rate.

Report No.1 of 2019 - State Finances Audit Report, Government of Telangana for the year ended 31 March 2018 tabled in State Legislature on 22 September 2019

Loans and Advances given by the State Government

As of 31 March 2018, Loans and Advances given by the Government to Autonomous Bodies, and Corporations were ₹15,869 crore. While the average rate of interest on Government borrowing was 7.21 *per cent*, the interest receipts as percentage of outstanding Loans and Advances was only 0.53 *per cent*. Government loans amounting to ₹428.45 crore in 2017-18 did not specify any terms and conditions, like schedule of repayment, rate of interest, number of instalments etc. Government was providing loans to Autonomous Bodies, whose annual accounts were in arrears.

The current level of recovery of loans was low. In the Budget estimates, an amount ₹5,807 crore was estimated to be recovered in 2017-18. The actual recovery (₹138 crore), however, was only 2.38 per cent of the estimated recovery.

Recommendation: The State Government may ensure that future loans and advances to autonomous bodies are predicated on furnishing of audited accounts of the previous year.

Learning Point: *Though included in the State Finances Report, it has implications on Commercial Audit too. It reflects on the funding of autonomous bodies and indicates their inability to repay debts. It could also indicate that grants for unproductive/ revenue expenditure made by Government through such entities are being disguised as loans.*

Corporate Finance:

Report No.5 of 2019 - Operational Performance of NMDC Limited, Union Government (Commercial), Ministry of Steel for the years 2012-13 to 2016-17 tabled in Parliament on 8 July 2019

Diamond mining in Panna, Madhya Pradesh

The average production cost of Diamonds remained higher than the net realizable value (NRV) in all the years under review. In view of this, the net loss of the Project as at the end of 2016-17 was ₹27.16 crore.

Learning Points:

A study of cost structure of operations vis-à-vis market conditions would help in assessing viability of operations.

Report No.3 of 2019 - Public Sector Undertakings, Government of Rajasthan for the year ended 31 March 2018 tabled in State Legislature on 26 July 2019

(I) In view of the significant investment by Government in Power Sector companies, return on such investment is essential from the perspective of the State Government. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. The present value of the Government investments has been computed to assess the rate of return on the present value of investments of Government of Rajasthan (GoR) in the State PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value (PV) at the end of each year upto 31 March 2018, the past investments/ year-wise funds infused by the GoR in the State PSUs have been compounded at the year-wise average rate of interest on government borrowings, which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity and interest free loan since inception of these companies till 31 March 2018.

For the year 2017-18, the return on investment has been calculated based on historic cost at 7.36 per cent, whereas return based on PV was only 4.73 per cent. However, if we consider subsidy given under UDAY scheme also as investment, the returns on the basis of historic cost reduced to 4.85 per cent and on the basis of present value to 3.46 per cent. The positive total earning for the year 2017-18 also remained substantially below the minimum expected return (7.30 per cent) towards the investment made in these power sector companies.

Learning Point:
It is an example of how substance over form criteria was adopted by Audit in identifying infusion of funds by Government into Power Sector PSUs as capital investment and how the actual and required rates of return thereon were computed. Real rates of return on government funds were revealed due to the Audit exercise. Infusion of funds was seamlessly considered from the point they were borrowed by State Government to the point of the PSU earning returns, instead of looking at PSU and Government money through a distinct silo approach.

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(II) Rajasthan Rajya Vidyut Utpadan Nigam Limited did not ensure availability of gas for a Gas based Combined Cycle Power Project before incurring ₹90.64 crore towards interest on loan and insurance of plant/equipments procured for the project. The Company has also incurred ₹107.41 crore towards plant/equipments lying idle and also has further committed liabilities to the tune of ₹103.87 crore.

Learning Point:
It reveals loss due to deficient planning before infusion of funds into a project.

Report No.1 of 2019 – State Finances Audit Report, Government of Manipur for the year ended 31 March 2018 tabled in State Legislature on 27 August 2019

(I) Off-budget borrowings

The State Government extended guarantees against loans availed of by Government Companies/Corporations. These Companies/ Corporations borrowed funds from the market/ financial institutions for implementation of various State plan programmes envisaged from outside the State budget. Funds for those programmes were to be met out of resources mobilised by those Companies/Corporations outside the State budget but in reality the borrowings of those concerns ultimately turn out to be the liabilities of the State Government termed 'off-budget borrowings' and the Government had to repay the loans availed of by those Companies/ Corporations including interest through regular budget provision under capital account. The State Government has not reported (November 2018) any off-budget borrowings during 2017-18.

Learning Point:

Indirect finance for PSUs by way of government guarantees has an impact on fiscal situation

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(II) Investment in companies, corporations and co-operative societies and returns

During 2013-18, investment in companies, corporations and co-operative societies ranging from ₹160.30 crore to ₹177.57 crore was made by the State Government. Against this, the State Government could earn only ₹16,000 during 2013-18. The State Government paid an average rate of interest ranging from 6.13 *per cent* to 6.67 *per cent* on its borrowings.

Learning Point:

It indicates the performance of the government as an investor in entities. It can be used for further analysis by breaking down the amount of investment and comparing net loss incurred on entities engaged in welfare (to quantify off-budget subsidisation) and gain earned from entities run on commercial lines (to assess return on investment). Return on investment would be an indicator of the PSU's investing and operational decisions.

Report No.1 of 2019 - State Finances Audit Report, Government of Telangana for the year ended 31 March 2018 tabled in State Legislature on 22 September 2019

(I) In March 2018, the Telangana State Government advanced loans of ₹1,500 crore and ₹800 crore respectively to Telangana Scheduled Castes Cooperative Development Corporation Limited (SCCDCL) and Telangana State Scheduled Tribes Cooperative Finance Corporation Limited (TRICOR) for transfer as subsidy. While, these were subsidies, they were treated as loans (and hence, Capital Expenditure) instead of grants (Revenue Expenditure). Both these institutions do not have any definite revenue stream to service the loan. Further, no terms and conditions like repayment period, rate of interest etc., were stipulated while sanctioning the loans. SCCDCL had, in fact, requested the Government for conversion of the loans in to subsidy. Further, both the above Corporations informed (March 2019) that they do not have their own resources and they did not approach the Government for loans.

Learning Points: *It is an example of how financing decision in PSUs is sometimes controlled by the Government and how altered nomenclature of funding may mask its real purpose. It is also an application of capital and revenue classification concepts in government accounting.*

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(II) The Government gave fresh loans totalling ₹1298 crore to three autonomous bodies for servicing their past loans.

Learning Point:

This is either an indicator of a debt trap in the autonomous bodies concerned, or that money given for unproductive/ revenue expenditure is being masked as a loan.

Corporate Governance:

Report No.2 of 2018 – Public Sector Undertakings, Government of West Bengal for the year ended 31 March 2017 tabled in State Legislature on 11 July 2019

Additional expenditure on purchase of coal at higher rates

West Bengal Power Development Corporation Limited (WBPDCL)'s Contract, Purchase and Procurement Committee (CPPC) proposed (March 2013) to initiate a fresh tender for purchase of 1.5 MMT coal in 2013-14 as the prices of Indonesian coal had plunged by 11 to 23 *per cent* over the previous price. Accordingly, the Board of Directors (BoD) approved (March 2013) the proposal and sanctioned (September 2013) the purchase of 1.5 to 2 MMT of imported coal, through open tender.

• Despite BoD's recommendations for fresh tender to take advantage of the declining prices, WBPDCL had extended (October 2013) an existing order on M/s Adani Enterprise Limited (AEL) for supply of an additional quantity of 0.375 MMT, at the same rate. Only after receiving 0.322 MMT (October 2013 to January 2014) of imported coal from AEL, WBPDCL terminated (February 2014) the contract due to supply of inferior quality of coal. This led to an additional expenditure of ₹7.51 crore on purchase of 0.322 MMT of imported coal.

The Management stated (January 2018) that it was advised by the appropriate higher authority that no further tender would be floated for procurement of imported coal by WBPDCL. The reply was not acceptable as the BoD had granted approval for inviting fresh tender to procure imported coal. No proposal to change this order was brought before the BoD. In light of the facts, it was not clear as to which appropriate higher authority advised against the orders of BoD.

Learning Point:

According to Section 179 (1) of the Companies Act, 2013, the Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do. Hence, the reply suggesting advise by the "appropriate higher authority" overruling a decision of the Board contravenes governance principles and tantamounts to abdication/ surrender of power vested by the Companies Act, 2013 in the Board of Directors to some other authority. This has led to loss to the Company and gain to supplier of inferior imported coal).

Report No.2 of 2019 - Economic, Revenue and General Sectors, Government of Sikkim for the year ended 31 March 2018 tabled in State Legislature on 2 August 2019

Sikkim Power Investment Corporation Limited (SPICL)

Induction of State Government nominated Director in the Board of Jal Power Corporation Limited (JPCL)

For 26 *per cent* equity shareholding in JPCL, the State Government had the right to induct two Directors in the Board of Directors of JPCL. After acquiring 13.23 *per cent* of the equity of JPCL in March 2013, SPICL did not ensure induction of one State Government nominated Director in the Board of JPCL. Hence, the State Government could neither contribute to the monitoring of the work nor ensure the continuation of the work on the project.

Learning Point:

It is an example of how weak Corporate Governance has led to poor internal controls.

IPSAS:

United Nations - Report of the Board of Auditors (Board) for the year ended 31 December 2018 placed before General Assembly (September 2019)

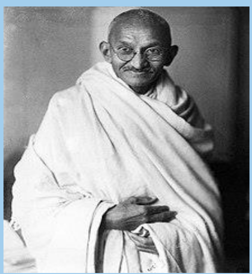
An amount of $38.21 million was included in intangible assets during 2018 by transfer from assets under construction. This included $26.19 million for integrated enhancements and $12.02 million for three Umoja Extension 2 modules. The Board was informed that the enhancements to Umoja Integration (Foundation and Extension 1) were capitalizable improvements to Umoja as a whole, as they were intended to enhance the existing functionality. The enhancements were capitalized at the level of the asset master record by spreading the capitalization across multiple years, in amounts of $5.26 million in 2015, $7.64 million in 2016, $5.22 million in 2017 and $8.07 million in 2018. However, no adjustments were made to the prior year figures and amortization was charged from 2018. The Board noted that the transfer of amounts from assets under construction and the retrospective capitalization in earlier years was not in line with the provisions of IPSAS 31: Intangible assets. Furthermore, if it was a question of correcting an error from a prior period, then, in accordance with IPSAS 3: Accounting policies, changes in accounting estimates and errors, the errors should have been corrected retrospectively.

United Nations Office for Project Services - Report of the Board of Auditors (Board) for the year ended 31 December 2018 placed before General Assembly (September 2019)

Paragraph 19 of IPSAS 12 states that the costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and supplies. The Board observed that costs amounting to $192,766 directly attributable to the acquisition of inventory had not been taken into account.

United Nations Children's Fund - Report of the Board of Auditors (Board) for the year ended 31 December 2018 placed before General Assembly (September 2019)

IPSAS 23: Revenue from non-exchange transactions, provides that an entity will recognize an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria. UNICEF considers its voluntary contribution agreements enforceable, and an asset is recognized upon receipt of a signed agreement, when there is a probable inflow of resources and when the value of the asset can be measured reliably. However, in one case, UNICEF had not recognized revenue of $7.55 million in the year 2018, even though the agreement was signed in December 2018. UNICEF acknowledged the error and stated that a review had been carried out and that it was noted as an isolated incident.



We have unfortunately come under the hypnotic suggestion and the hypnotic influence of capital, so that we have come to believe that capital is all in all on this earth. But a moment's thought would show that labour has at its disposal capital which the capitalists will never possess.

Mahatma Gandhi

Section 5: Interesting Media coverage on Knowledge Centre Topics

Disclaimer: The contents in this segment are edited extracts from material downloaded from the internet. RTI, Mumbai does not necessarily endorse any views expressed therein, nor vouch for the factual accuracy of any of the matters described therein. These have been reported herein, only as possible inputs for our personnel, who may take up audits.

Click here for going back to cover page

(I) Government stake to fall below 51% in bluechip PSUs to boost disinvestment

BY IANS | UPDATED: APR 28, 2019, 11.17 AM IST

NEW DELHI: Government proposes to offload substantial portion of its stake in select blue chip companies this year to meet higher disinvestment target even though the exercise will bring down its holding below 51 per cent level, the minimum holding required for an entity to qualify as a central public sector enterprise (CPSE).

Officials in Department of Investment and Public Asset Management (DIPAM) said that market regulator SEBI is expected to soon issue policy guidelines on Differential Voting Rights (DVR) that will allow promoters to raise funds without dilution of control. Once these regulations are in place, government could consider divesting higher stake in CPSEs without losing control or changing the PSU character of an entity.

At present there are more than two dozen CPSEs that are widely held by the public with government stake of less than or close to 60 per cent. These include maharatna and navratna CPSEs like Engineers India Ltd (EIL-52 per cent), Indian Oil Corporation (IOC-52.18 per cent), Bharat Petroleum Corporation (BPCL-53.29), Gail India (52.64 per cent), Oil and Natural Gas Corporation (ONGC-64.25 per cent), Power Finance Corporation (PFC-59.05 per cent), Powergrid Corporation (PGCIL-55.37 per cent), NTPC, Shipping Corporation of India (SCI-63.75 per cent), Bharat Heavy Electricals (BHEL-63.17 per cent), NBCC (68.18 per cent), Container Corporation (Concor - 54.80 per cent).

If government sells more of its equity in these entities, it could raise its disinvestment proceeds easily from the market without looking at other instruments like share buyback, new issues of Exchange Traded Funds or higher dividend payout from PSUs including declaration of special dividend.

This would also eliminate pressure on achieving disinvestment target, as even a small issue by a bluechip PSUs can get better realisation for government shares. The shares of most of these companies have got good valuation from the market. Government has set disinvestment target of Rs 90,000 crore for FY20.

"Golden share or DVR could be first step for the government to bring down its holding in several non-strategic and non-core PSUs. This could be followed by government changing the definition of PSUs itself by mandating lower than 51 per cent government holding," said a finance ministry official asking not to be named.

Last month market regulator SEBI issued consultation paper on DVR allowing companies to issue shares having rights disproportionate to their economic ownership.

In India, DVR shares with inferior voting rights (Fractional Rights/FR) or lower voting rights is already permitted by the Securities and Exchange Board of India. Now, SEBI is introducing DVR shares with Superior Voting Rights (SR) or higher voting rights along with FR.

Officials of ministry of corporate affairs (MCA) and the finance ministry are also discussing DVR regulations and how it could be applied in the case of PSUs.

DIPAM officials said once DVR structure is formalised, they could also look at using this structure to scale up disinvestment targets as in most blue chip CPSEs the level of government holding is close to 51 per cent.
https://economictimes.indiatimes.com/markets/stocks/news/government-stake-to-fall-below-51-in-bluechip-psus-to-boost-disnvestment/articleshow/69079116.cms?from=mdr

(II) Getting them ready for restructuring: Govt may capitalise PSU insurers

IANS | New Delhi July 10, 2019 Last Updated at 08:26 IST

After banks, the government may capitalise public sector general insurers this year to improve their finances and get them ready for the next wave of restructuring. Sources in the Finance Ministry said that management consultancy firm Ernst & Young (EY) has been shortlisted to advise on restructuring of three general insurers and based on its report, the government may also consider providing capital support to the companies. The quantum of capital support would be worked out post EY gives its report, though DIPAM sources said that anywhere between Rs 9,000 crore and Rs 10,000 crore capital support would be required for the insurers to bring them in pink of health.

In a presentation to the Finance Ministry last year, the three companies had stated a collective recapitalisation need of between Rs 9,000 crore and Rs 15,000 crore, with each requiring about Rs 3,000-5,000 crore. The government is looking at restructuring three relatively weaker public general insurers -- National Insurance Company, United India Insurance Company and Oriental India Insurance Company.

The original plan was to merge the three entities to create an insurance behemoth having a valuation exceeding Rs 1.2 trillion. But the process has faced several hurdles, pushing the government to also look at de-merging the three into smaller units and then look at strategic sale of few operations to the private sector. "The aim is to strengthen the insurance entities and push for consolidation by bringing more focus into their operations. The next step would be decided soon with action being taken in the current fiscal year itself. Capital support would be the initial target," said a government source privy to the development.

Capital support from the Budget would be a first for general insurers. Over the last few years, public sector banks (PSBs) are being provided capital support in numerous tranches to strengthen their operations which have been affected by rising cases of non-performing assets (NPAs). In the Budget 2019-20, another sum of Rs 70,000 crore has been provided for bank recapitalisation. The three PSU insurers have more than 200 insurance products with a total premium of Rs 41,461 crore and a market share of around 35 per cent as on March 31, 2017. Their combined net worth is Rs 9,243 crore with total employee strength of around 44,000 spread over 6,000 offices.

The profitability of many general insurance companies, including the state-owned ones, has been under pressure owing to rising underwriting losses and higher claims. In fact, all the three PSU insurers reported losses at the end of the third quarter of FY19 with United India Insurance Company logging a loss of Rs 2,070 crore, followed by National Insurance and Oriental Insurance reporting losses of Rs 1,177 crore and Rs 634 crore, respectively. The three insurers also have lower solvency ratio meaning cash flow issues to meet short and long-term obligations. Insurance regulator IRDAI has mandated a minimum solvency ratio 1.50 for general insurers at the need of Q3 but the ratio has fallen to 1.01 in case of National Insurance and 1.21 in case of

Oriental Insurance. United India Insurance Company has barely managed to meet the regulatory requirement for insolvency ratio.

The companies have also lost market share to private players. In 2017, state-owned New India Assurance Company and General Insurance Corporation of India were listed on bourses. The government had plan to list the other three companies as well, but their poor financial health prevented any decision.

https://www.business-standard.com/article/economy-policy/getting-them-ready-for-restructuring-govt-may-capitalise-psu-insurers-119071000150_1.html

(III) Sebi provides new format for compliance report on corporate governance

BY PTI | JUL 16, 2019, 06.57 PM IST

Markets regulator Sebi Tuesday came out with a new format for compliance report on corporate governance to be submitted by listed companies to stock exchanges. In a circular, the regulator prescribed new format for disclosures to be made on quarterly basis, annual basis for the whole of financial year and within six months from end of financial year that can be submitted along with second quarter report.

"In view of the revised timelines under the amended regulations, the circular shall come into force with effect from the quarter ended September 30, 2019," Sebi said.

The regulator, in September 2015, had asked listed companies to submit compliance report on corporate governance in a prescribed format with disclosures pertaining to composition of board of directors as well as the committees and their respective meetings, among others.

However, requisite amendments were made in Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015 to implement the recommendations of committee on corporate governance.

https://economictimes.indiatimes.com/markets/stocks/news/sebi-provides-new-format-for-compliance-report-on-corporate-governance/articleshow/70247176.cms?from=mdr

(IV) PSU returns fell 50% in the past decade; 44 new entities created

New Delhi Last Updated: September 11, 2019 | 21:33 IST

India Today's data analysis unit DIU has found that the rate of return on capital deployment in PSUs has decreased from 25.43 *per cent* to 14.21 *per cent* over nine years

Government companies have earned only 14 paise on the investment of Re 1 in the financial year 2018, almost half of the return received in 2009. The analysis of the rate of return on capital employed (ROCE) shows that government companies have lost almost fifty per cent of their efficiency in the last ten years.

DIU, a data unit of India Today, on the analysis of the data of the department of public enterprises, found that the rate of return of capital deployment has decreased from 25.43 *per cent* to 14.21 *per cent* over nine years. This data has been compiled from Economic Survey 2018.

ROCE is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed. The ROCE indicates how efficiently the long-term funds of owners and lenders are being used. The higher the ratio, the more efficient is the use of capital employed.

https://www.businesstoday.in/current/corporate/in-depth-government-companies-almost-lost-half-of-their-efficiency-in-last-10-years/story/378508.html

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खंड 6: हिंदी खंड- हिंदी कार्य का विवरण

समाचार लेखिका: श्रीमती रिंकि, आंकड़ा प्रविष्टि प्रचालक, क्षेत्रीय प्रशिक्षण संस्थान, मुंबई

हिंदी दिवस और सप्ताह का आयोजन

कवर पृष्ठ पर जाने के लिए यहाँ क्लिक करें

दिनांक 16-23 सितंबर 2019 को हिंदी सप्ताह एंव हिंदी दिवस का मुख्य समारोह का आयोजन किया गया। इस अवसर पर वर्षभर में कार्मिकों द्वारा हिंदी में किए गए कार्य और हिंदी सप्ताह के दौरान आयोजित विभिन्न प्रतियोगिताओं में सफलतापूर्वक भाग लेने के लिए उन्हें पुरस्कार दिए गए ।

हिंदी कार्यशालाओं का आयोजन

क्षेत्रीय प्रशिक्षण संस्थान, मुंबई द्वारा दिनांक 27 जून 2019 तथा 9 सितंबर 2019 को दोपहर 02.00 बजे से 04.30 बजे तक हिंदी कार्यशालाओं का आयोजन किया गया। इन कार्यशालाओं में क्रमश: श्री डॉ महेंद्र जैन और श्री वी के शर्मा, सहायक निदेशक, राजभाषा विभाग, गृह मंत्रालय, केंद्रीय सदन, सी बी डी बेलापुर, नवी मुंबई हिंदी संकाय के रुप में आमंत्रित किए गए, जिनसे हिंदी में काम करने की जानकारी प्राप्त की गई। उपरोक्त हिंदी कार्यशालाओं में संस्थान में कार्यरत अधिकारियों एंव कर्मचारियों ने उत्साह के साथ भाग लिया।

द्विभाषी अनुसंधान पत्र

संस्थान द्वारा द्विभाषी रूप में "सार्वजनिक क्षेत्र के उपक्रमों में कार्यशील पूँजी प्रबंधन" पर तैयार किया गया अनुसंधान पत्र मुख्यालय द्वारा 12 जुलाई 2019 को अनुमोदित किया गया है और सभी प्रशिक्षण संस्थानों/केंद्रों को परिचालित किया गया है।

Section 7: Readers' Feedback

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1. **प्रेक्षक: कार्यालय महानिदेशक लेखापरीक्षा (केंद्रीय), चंडीगढ़**

इस न्यूजलेटर में शामिल सभी सूचनाएं ज्ञानप्रद हैं । इसकी साज-सज्जा भी आकर्षक है। वर्ष के दौरान किए गए सभी कार्यों का विवरण कार्यालय की उपलब्धियों को दर्शाता है। इसके सफल प्रकाशन पर हार्दिक शुभकामनाएँ ।

क्षेत्रीय प्रशिक्षण संस्थान, मुंबई: *आपके प्रोत्साहन के लिए हम आभारी हैं ।*

2. **Reader: O/o PAG (GSSA), Rajasthan, Jaipur**

आपके द्वारा आयोजित किये जा रहे प्रशिक्षण कार्यक्रमों में Audit Planning/ Risk Based audit approach विषय पर कोई प्रशिक्षण कार्यक्रम सम्मिलित नहीं है, जबकि वर्तमान परिदृश्य में यह एक महत्वपूर्ण विषय है । अत: इस प्रशिक्षण को पृथक से अथवा अन्य प्रशिक्षण कार्यक्रम "Workshop on Statistics and Sampling in audit" के साथ सम्मिलित किया जा सकता है ।

RTI, Mumbai: *आपके सुझाव के लिए धन्यवाद । लेखापरीक्षा आयोजन/ जोखिम-आधारित लेखापरीक्षा दृष्टिकोण, इन विषयों का समावेश हमारे निर्धारित निष्पादन लेखापरीक्षा/ अनुपालन लेखापरीक्षा पर प्रशिक्षण/ कार्यशालाओं (Scheduled Training/ Workshops on Performance Audit/ Compliance Audit) में होता आया है । इस विषय पर पृथक प्रशिक्षण के लिए हमारे उपभोक्ता कार्यालयों से हमें प्रयोजनीय अनुरोध प्राप्त नहीं हुए हैं ।*

3. **Reader: Shri S Suresh Kumar, Sr. Audit Officer (Commercial)**

Thanks so much for the newsletter. I went through it and it's interesting and helpful in our practical audit. You may attempt including articles on related topics by our staff which may give the auditors point of view in various issues, I feel.

RTI, Mumbai: *Thanks for the feedback. It has always been our endeavour to seek articles from staff and the request is re-iterated through the medium of this newsletter by Director General, Regional Training Institute, Mumbai.*

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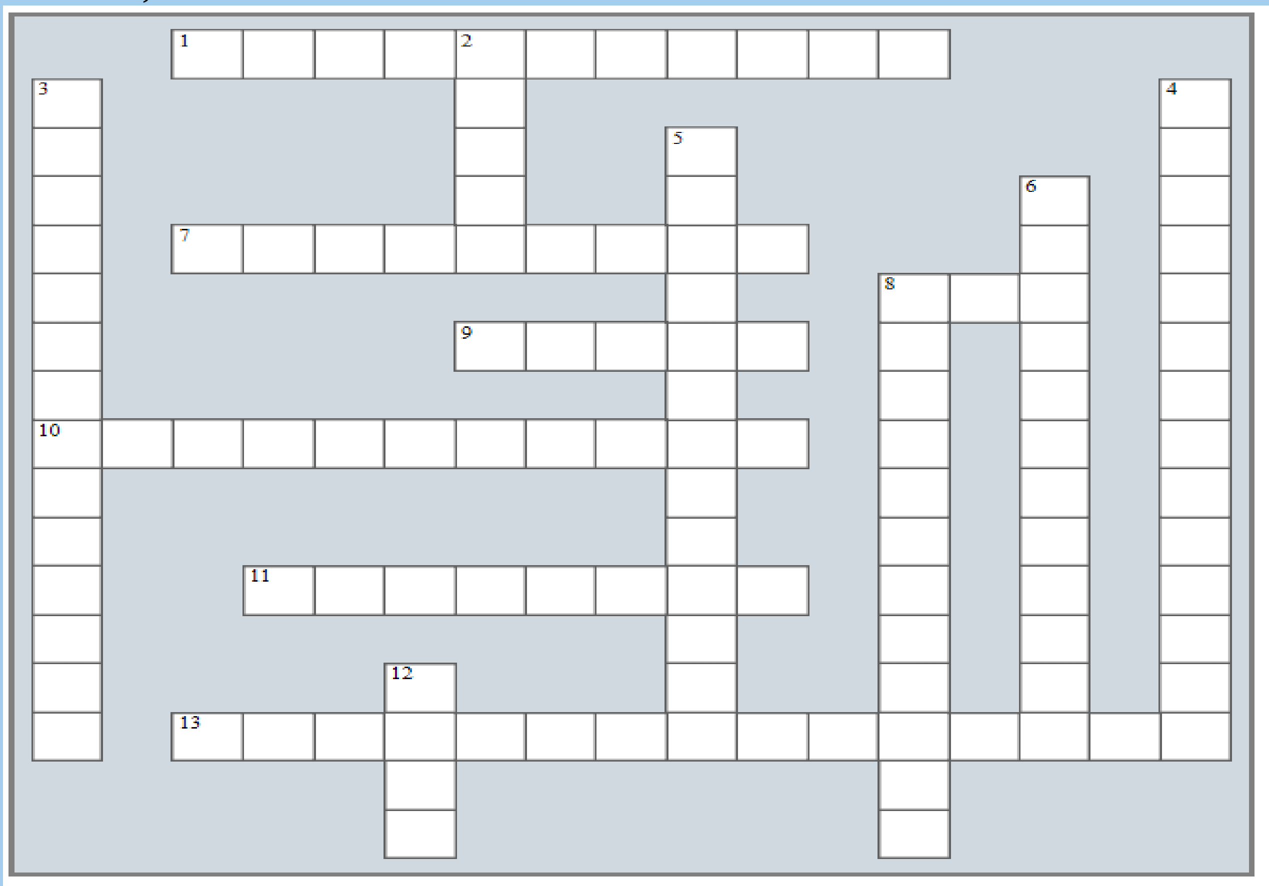
Section 8: Newsletter Crossword (September 2019)

RTI, Mumbai



Across

1. IRDA issues .... concerning accounts of Insurance Companies
7. Central Transmission Utility of India is ....
8. Banks are regulated by ....
9. CAG's Comments on Supplementary Audit have to be issued within ..... days of receipt of audited accounts.
10. In IPSAS framework, RPG stands for .... Practice Guidelines
11. An example on non-exchange transaction between individuals and the government is ....
13. Port Trusts are governed by .... Act,1963 (3 words)

Down

2. ..... debtors turnover (number of times) may indicate liberal credit policy or non-realisation of bills in time.
3. ..... Interest is another term for 'minority interest' in consolidation of financial statements
4. IPSAS 42 deals with ..... (2 words)
5. Vigil Mechanism may include a .... policy (2 words)
6. Code of Conduct on Insider Trading shall include norms for appropriate ..... procedures to prevent unwarranted flow of information (2 words)
8. Transactions between companies with a common director, who is able to affect the policies of both companies in their mutual dealings can be classified as ...... transactions (2 words)
12. .... is the Committee of Parliament, which discusses CAG reports on PSUs

Click here for Solutions

Section 9: Leisure

Quiz

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1. Under IPSAS, other than future economic benefits, what benefit can flow to an entity from an asset?
2. In what type of assets would monuments be classed under IPSAS?
3. Which ratio compares Current Assets with Current Liabilities?
4. Which office issues additional Company / Sector specific directions to statutory auditors under Section 143(5) of the Companies Act, 2013?
5. Which score is the output of a credit-strength test that gauges a publicly traded manufacturing company's likelihood of bankruptcy?
6. What is the term for the report on financial audit of Autonomous Bodies?
7. Which committee in Companies is responsible for scrutiny of audit reports?
8. Which committee recommends policy for remuneration for directors?

Solutions

Personalities associated with modern finance, governance and commercial audit

1. **Frank Donaldson Brown**- He was the originator of the DuPont Analysis, a technique for analysing financial performance. **(Corporate Finance)**

2. **Fischer Black, Myron Scholes and Robert C. Merton**- They developed a Mathematical Model on Derivatives. The Black-Scholes model is an important contribution in this regard. Scholes and Merton won the Nobel Prize for their efforts. **(Corporate Finance)**

3. **Sir Adrian Cadbury**- The Cadbury Committee chaired by him brought out a pioneering Report on Corporate Governance. **(Corporate Governance)**

4. **Shri V Narahari Rao-** First Comptroller and Auditor General appointed in independent India in 1948. The idea of CAG audit of companies floated by Government was initiated during the tenure of Shri V Narahari Rao. **(Commercial Audit)**

Solutions to Crossword

Click here for going back to crossword

Across: 1. REGULATIONS 7. POWERGRID 8. RBI 9. SIXTY 10. RECOMMENDED 11. TAXATION 13. MAJOR PORT TRUSTS

Down: 2. LOWER 3. NON-CONTROLLING 4. SOCIAL BENEFITS 5. WHISTLE BLOWER 6. CHINESE WALLS 8. RELATED PARTY 12. COPU

Solutions to Quiz

1. Service Potential 2. Heritage Assets 3. Current Ratio
4. Field office entrusted with the supplementary audit of the Company
5. Altman Z-Score 6. Separate Audit Report (SAR)
7. Audit Committee 8. Nomination and Remuneration Committee

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