

महानिदेशक लेखापरीक्षा (केन्द्रीय) का कार्यालय,
सी - 25, ऑडिट भवन, बांद्रा-कुर्ला संकुम
आयकर भवन के पीछे बांद्रा (पूर्व)
मुंबई: 400 051

सं. डी.जी.ए.सी./सी.एंड.एबी./घाज VIII | FTII |

No. DGA(C)/C&AB/Ch

दिनांक:

श्रीमान,

Director

Indian Film and Television
Institute of India
Law College Road,
Deccan, Pune - 411 004

विषय: Inspection Report

गौरव,

मैं आपके कार्यालय के वर्ष 1-12-2015 to 31.7.2017 के लेखे और
अभिलेखा से संबंधित निरीक्षण रिपोर्ट इसके साथ सूचनार्थ और आवश्यक कार्यवाही हेतु संलग्न
कर रहा हूँ।

कृपया पायती भेजे।

भवदीय,

sd/

वरिष्ठ लेखापरीक्षा अधिकारी/सी एंड एबी

संलग्नक: यथोपरि।

सं. डी.जी.ए.सी./सी.एंड.एबी./घाज 11054

दिनांक: 6/10/17

प्रतिलिपि सूचनार्थ अवेधित:-

1. सचिव, भारत सरकार

सूचना एवं प्रसारण मंत्रालय
शास्त्री भवन, नई दिल्ली - 110001

2. महानिदेशक, लेखापरीक्षा
केन्द्रीय व्यय इन्स्पेक्टर
डी.जी.ए.सी. भारत बिल्डिंग
नई दिल्ली - 110001

वरिष्ठ लेखापरीक्षा अधिकारी/सी एंड एबी

Inspection Report on the Accounts and Records, maintained by Film and Television Institute of India, Pune for the period from 01.12.2015 to 31.07.2017.

Part-I-A: Introduction

The Film Institute of India was set up by the Government of India in 1960 under the Ministry of Information & Broadcasting. Following the addition of Television Wing in 1974, the Institute was re-designated as Film and Television Institute of India (FTII). The Institute became a Society in October, 1974 under the Registration of Societies Act, 1860. The Society consists of eminent personalities connected with Film, Television, Communication, Culture, Alumni of Institute and Ex-Officio Government Members. The Institute is governed by a Governing Council (GC), headed by a Chairman who is an eminent person from the fields of cinema, television and the arts. The academic policies and plans of the Institute are formulated by the Academic Council (AC). The matters involving finance are controlled by the Standing Finance Committee (SFC).

The Major objectives of FTII are to:-

- i) Develop suitable patterns of teaching so as to establish high standards of film and television education in India;
- ii) Establish trained man-power for growing needs of the film industry and television organization in India;
- iii) Prescribe courses and curricula for under-graduate and post-graduate studies;
- iv) Institute and appoint persons to professorship, readership, lectureship and post of the description in accordance with the rules and bye-lays of the Institute.

The Director is the executive head of the FTII. He is assisted by the Deans in academic matters and by the Registrar in administrative and financial matters.

A test check of the accounts and records maintained by the office of the Film And Television Institute of India Pune for the period 01.12.2015 to 31.07.2017 was conducted locally from 28/08/2017 to 08/09/2017 under section 14(1) of CAG's DPC Act 1971.

Following officials held the charge of Director of the Film and Television Institute of India, Pune during the period covered by audit.

Sl.No.	Name of the Directors	Period From	To
1	Shri Prashant Pathrabe, Director	01.12.2015	02.05.2017
2	Shri Bhupendra Kaintholiya, Director	03.05.2016	Till date

The Receipts and Expenditures for the last three financial years are as follows:

(Rs. in lakh)

Financial year	Grant Received		Expenditure		Receipts
	Plan	Non-plan	Plan	Non-plan	
2014-15	1900	2044	1900	2291.59	247.59
2015-16	1750	2158	1750	2429.10	271.10
2016-17	1900	2354	1900	2427.61	150.00

Part-I-B: Outstanding Paras from previous Audit Reports

Para-6(2012-13): Irregular indents of Stores and purchase procedure

Rule 103 of GFR stipulate that purchases should be made in most economical manner in accordance with the definite requirements of the purchase service; stores should be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents, At the same time care should be taken not to purchase store much in advance of actual requirements. In the light of the above rule following irregularities have been noticed:

1. Indents are not routed through stores for ascertaining the stock position.

Annual requirement of raw stock with reference to diploma films and other projects can be worked out and order placed for the total quantity and a delivery schedule be given to the supplier. This may save on the cost due to bulk quantity purchase.

It is also noticed that no consumption report of raw stock is maintained to ascertain the wastage etc.

2. It is also necessary to maintain a log book in respect of machinery to keep a watch on the usage and annual maintenance of the machinery. It may please be stated if such log books are maintained by FTII.

In respect of purchase indent it was stated by the dept. that the same will be routed through store keeper henceforth.

The purchase indent and maintenance of raw stock consumption report and log book of machinery will be maintained henceforth.

During previous audit Institute ^{replied} that point is noted for compliance and steps are taken to maintain raw stock accounts.

In current audit department stated that the objection has been closed vide letter No. DGA(C)/C&AB/C/Ch/63 dated 12.04.2017. However, on examination it is found that the objection has to be closed subject to next audit verification.

On examination it is found that section wise inventory registers are not shown to audit (except Editing Dept).

Final compliance awaited.

Para-3(2013-14): Improper maintenance of contributory provident fund leading to less credit of interest in subscriber's account and loss in fund account made good from institute's fund.

A) FTII maintains contributory provident fund of its employees. The Provident commissioner fund origination grants exemption to maintain provident fund by the organization themselves on the condition that, trustee of such contributory fund shall pay interest not less than the interest paid by the provident fund origination.

Further it is seen from the agenda no 9 of the 127th meeting of the governing council that governing council is changing the rate of interest payable to subscriber as desired without considering the statutory provisions. In this connection Section 17 of the Employees Provident Funds and miscellaneous provisions act, 1952 may please be referred.

B) FTII, Pune is paying interest on fund applicable to Government department, Govt. contributory fund, whereas rate of interest due is equal to or more than interest paid by the Employees Provident Fund Organization. But it should be ensured that fund is properly invested so as to pay all dues from its earning and there should not be any loss of contributor money.

It is seen from the certified balance sheet of the contributory provident fund maintained for the year 2011-12, 2012-13, 2013-14 that fund is incurring loss and unable to pay interest from its own earnings, due to incorrect rate applied for payment of interest to subscribers viz. instead of applying EPFO rate of interest institute has applied Government rate of interest on the balance and subscription received (in case of employee's subscription only) non-prudent investment policy.

C) On scrutiny of CPF account maintained by the trustee of the fund, it is seen that in case of contribution received from employer in the subscriber's account, interest at prescribed rate has not been calculated and paid during the year in which subscription has been received. Due to non-payment of interest on subscription in the in which it is received, the subscriber is deprived of its due legal amount of interest and it has effect is carried forward for years. Amount of institute contribution paid in subscriber's account on which interest has not been during last five year is as under.

(Amount in Rs)			
Year	Institute's contribution	Rate of interest	Amount of interest
	(Taken from balance sheet of institute)	(To be obtained.)	(To be calculated)
2009-10	-----		
2010-11	7287653		
2011-12	6189246		
2012-13	2963978		
2013-14	3872595		

D) It was also seen that in all cases trustee has paid different rate of interest on opening balance and subscription during the year. This being incorrect method as rate interest is declared for full year which applies to opening balance as well as subscription received during the year. Revenue received by the Institute are meant for day to day activity and development of the origination and not for the funding the contributory fund maintained by the trustees. Institute has paid Rs.2009996/- to the contributory fund to make up the loss in the fund. Irregular approval to transfer from institute fund to contributory fund by the governing body and payment made to fund is brought to notice.

The above points have not been raised by the IAD/Chartered account certifying the account. Above mentioned points may please be verified and confirmed. In case less payment made to subscriber, the same may be calculated after applying correct rate, method of calculation for all previous years under intimation to audit. Certified accounts of the fund may need to be revised and excess expenditure over income may increase substantially.

On pointing the above facts institute replied that FTII has been following the rules since last 32 years it may also be noted that at no point during last 32 years CAG/Statutory auditors for fund as well as auditors of Ministry have brought this observation on the CPF Trust and further stated that the matter would be placed before GC for consideration of the amendments, If approved the same will be submitted to the designed authorities for approval before incorporating the same in the FTII CPF Regulations.

Institute stated that the transfer of Rs.20.10 lakh was done as per powers conferred on GC/SFC and it was a one time occurrence. It was also stated that the matter would be placed before the Governing Council for consideration of amendments.(Current Audit for PE 11/2015).

In current audit department stated that A) In the SFC meeting held on 30.1.2014 it was resolved to revert back to the original provisions of Rule no. 15 which are as follows :- (Minutes attached)

Rate of interest shall not be linked up with the Government rate of interest and

instead it will be determined on the basis of actual earnings less the operational expenses. A minimum of Rs. 25,000/- shall be kept in tact to serve as buffer for wide fluctuations in earnings.

Copy of Agenda and Minutes is enclosed.

Accordingly the rate of interest is changing every year and not as per the desire of trustee members.

B) Rate of interest is not linked up with the Government rate of interest and instead it is determined on the basis of actual earnings less the operational expenses. Hence from the year 2013-14 there is no loss, though the interest rate is varied.

C) Previously the institute's contribution was credited to subscriber account on the 31st March, of every year as per rule no. 14 FTII CPF Rules. Hence the question of payment of interest for the entire year did not arise. However Institute's Contribution is credited to account every month now and hence the interest on institute's Contribution is being paid for the month in which it is credited.

D) In respect of irregular transfer of Rs. 20,09,996/- from Institute fund to contributory fund, it is stated that G.C. in its meeting dated 08.11.2016 approved that C.P.F. Trust will pay full amount to FTII as early as possible. The amount would be recouped within two years.

Accordingly, an amount Rs. 10.00 lakh has been repaid by FTII CPF Trust to FTII on 14.03.2017 an amount of Rs. 10,09,996/- will be repaid in this F. Y. i.e. 2017-18.

In view of the reply the entire amount has not yet been repaid, we may await final reply.

PART-II-A-:

Para-1-(2015-16): Irregular admission process.

No admissions were conducted for the flagship diploma courses in academic years 2010-11 and 2014-15. In-fact, in 2014-15, admissions were conducted only for the one year certificate courses. This resulted in under utilisation of the available resources. Forgoing the admission process in an academic year defeats the purpose of setting up of such a prime institute in addition to extinguishing the hopes and academic dreams of a large number of aspiring candidates all over India. This also resulted in potential revenue loss to the extent of **Rs.3.27**

crores in the form of non realisation of tuition fees from candidates who otherwise would have been admitted.

(Annexure 'A')

In Current audit, department stated that In the year 2010, there were back logs due to a series of reasons described above. As such, admissions were held up during academic year 2010-11.

Further, there was unrest and students strike from more than 4 months in the year 2015. Due to this no academic activities could be undertaken in the year 2015. Hence admissions were held up for the year 2015.

Due to non clearance of backlogs and unrest in campus in 2015, admissions were held up during academic year 2010-11, 2014-15 respectively.

A number of steps are being taken at academic and administrative level to ensure that the problem of backlogs is resolved.

Academic Level:

New Syllabus

A new Syllabus (Credit Based semester system) introduced from 2016 batch onwards has been timed with ten students in each stream as that means 250 minutes of production of Diploma Films and 100 minutes of Dialogue Films, which together is more than three feature films produced in a single year, besides internal exercises and allied activities.

Day to Day Monitoring

Internally, day-by-day monitoring of each student project has been introduced so that delays/problems can be caught and dealt with earlier than what was happening earlier. It is hoped that these systems will help us to put all Student Projects on schedule.

Administrative level

Infrastructure support to Production Schedules

FTII has the infrastructure to handle **three shootings at a time** in terms of Art Direction