

**Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Indian Council of Agricultural Research, New Delhi for the year ended 31<sup>st</sup> March 2022**

We have audited the attached Balance Sheet of the Indian Council of Agricultural Research (ICAR) as at 31st March 2022, Income & Expenditure Account, and Receipts & Payments Accounts for the year ended on that date under Section 20 (I) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. The audit has been entrusted for the period up to 2021-2022. The financial statements include the accounts of 123 units of ICAR. Out of these accounts, comments of 22 units and Headquarters office are included in the audit report. These financial statements are the responsibility of the ICAR's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, Accounting Standards and disclosure norms, etc. Audit observation on financial transactions with regard to compliance with the Laws, Rules & Regulation (Propriety and Regularity) and Efficiency-cum-Performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Report separately.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit, we report that:

(i) We have obtained all the information and explanation, subject to the observation in the report, which to the best of our knowledge and belief were necessary for the purpose of our audit.

(ii) The Balance Sheet, Income & Expenditure Account and Receipts and Payments Account dealt with by this report have been drawn up in Uniform Format of Accounts as prescribed by the Government of India, Ministry of Finance.

(iii) In our opinion, proper Books of Accounts and other relevant records, except as stated in the report, have been maintained by the Indian Council of Agricultural Research in so far as it appears from our examination of such books.

(iv) We further report that:

## **A. Balance Sheet**

### **A.1 Corpus/Capital Fund & Liabilities**

#### **A.1.1 Current Liabilities & Provisions (Schedule 4) – Rs. 1106.75 crore**

(1) The above includes closing balance of internal resource generation amounting to Rs. 227.70 crore whereas the same should have been shown under Capital Fund. This has resulted in overstatement of Current Liabilities & Provisions and understatement of Capital Fund by Rs. 227.70 crore. *Despite being pointed by Audit in 2019-20 and 2020-21, no compliance of the same was ensured in 2021-22.*

(2) ICAR letter no. 1-1/2022-Acctts.-II dated 28.03.2022 provided that provision to all outstanding liabilities/expenses of FY 2021-22 accrued but remained unpaid upto 31.03.2022 should invariably be created and depicted in Schedule-4.

During scrutiny of Annual Accounts of ATARI, Jodhpur for the year 2021-22 it was noticed that services related to payment for staff , messenger and agriculture workers amounting to Rs 2.78 lakh were procured in financial year 2021-22, but payment of the same was not made upto 31 March 2022. It was noticed that provision for this outstanding expenditure was not made in the books of accounts. This has resulted in understatement of Current Liabilities (Schdeule-4) and Expenditure by Rs 2.78 lakh as well as overstatement of Capital Fund (Schdeule-1) by the same amount.

(3) In ATARI-Pune, no provision was made towards salary payable to contractual staff and manpower consultancy agency (M/s Om Sai Safeguard Service Pvt Ltd) amounting to Rs.1.64 lakh (Rs 1.09 lakh and Rs 0.55 lakh) for the month of March 2022. This has resulted in understatement of other current liabilities of Rs.1.64 lakh and understatement of expenditure of Rs. 1.09 lakh under Establishment Research and operational expenditure (Sch. 17) and Rs. 0.55 lakh under Administrative Expenses- Other Expenses (Sch. 18) in the Income and Expenditure Account.

(4) MGIFRI, Motihari included the additional amount of Rs 247.72 lakh in schedule 1-Capital fund being shown as Grants utilized for capital expenditure as mentioned in schedule 5(a) fixed assets. Deduction of an amount of Rs 22.03 lakh was made from capital work in progress and it was included under schedule 7 (B) Loan and Advances. Thus the net capital expenditure during the year was 225.69 lakh. This has resulted in overstatement of capital fund by Rs. 22.03 lakh and current liabilities was understated to the same extent as unutilized grant (Rs 247.72 lakh – Rs.225.69 lakh).

## **A.2 Assets**

### **A.2.1 Fixed Assets (Schedule 5) – Rs. 4088.59 crore**

(1) In Directorate of Poultry Research, Hyderabad, an amount of Rs. 69.14 lakh was shown as work-in-progress. However, the same was given as advance to CPWD and no expenditure incurred towards the works which resulted in overstatement of capital work in progress and understatement of Loans and Advances by the same amount.

(2) In Indian Institute of Rice Research (IIRR) – Hyderabad, an amount of Rs.2.26 crore was shown as work-in-progress. However, it was seen from the records in respect of outstanding advances for the year 2021-22 (CPWD) that works worth Rs.2.51 crore (Rs.25.53 lakh - revenue + Rs.2.26 crore Capital) were advanced to CPWD in 02/2022 & 03/2022 and no expenditure was incurred towards these works till 04/2022. This has resulted in overstatement of Capital work-in-progress and understatement of Current Assets by Rs. 2.26 crore.

(3) During scrutiny of Annual Accounts of ATARI, Jodhpur for the year 2021-22 it was noticed that ATARI, Jodhpur had released Rs 2.35 crore to Central Public Works Department (CPWD), Jodhpur for construction of administrative building and development work. Out of this, Rs 1.57 crore was booked as Capital Work-in-Progress (CWIP) in Fixed Assets (Schedule-5) and remaining amount of Rs 78 lakh was booked as Advances on Work (Capital) under Current Assets, Loans and Advances (Schedule-7). Further, it was noticed that an expenditure of Rs 2.35 crore was incurred till 31 March 2022. Thus, the whole amount of Rs 2.35 crore was to be booked under CWIP instead of Rs 1.57 crore. This has resulted in understatement of CWIP (Schedule-5) by Rs 78 lakh and overstatement of Current Assets, Loans and Advances by the same amount.

(4) In ATARI, Jodhpur it was noticed that Rs 11.68 lakh was released to CPWD for Installation, Testing and Commissioning of Split Type Air Conditioner at Administrative building during

2019-20. The amount was booked as Advance on Work (Capital) in Current Assets, Loans and Advances (Schedule-7). Audit further noticed that CPWD utilized Rs 7.72 lakh up to the end of the year 2021-22, which was to be booked as CWIP (Schedule-5) out of Current Assets, Loans and Advances (Schedule-7), but the same was not booked as CWIP. This has resulted in understatement of CWIP (Schedule-5) by Rs 7.72 lakh and overstatement of Advance of work (Capital) (Schedule-7) by the same amount.

(5) As per the Uniform format of Accounts, Furniture, fixtures and Fittings under fixed assets include items such as desks/benches, cabinets, almirahs, tables, chairs, partitions, etc and Plant and machinery under fixed assets include air conditioners, water/air coolers, generator sets, television sets, fire extinguishers, etc.

In MGIFRI Motihari, an amount of Rs 74.98 lakh was paid to a supplier for the purchase of furniture/plant/Machinery items (Furniture-Rs 64.60 lakh Electrical Rs 10.38 lakh) and the amount was shown under the head Building. As per the above accounting principle it should have been shown under Furniture/Plant and Machinery instead of Building. This has resulted in overstatement of Building by Rs 74.98 lakh; understatement of Furniture by Rs 64.60 lakh and understatement of plant & machinery by 10.38 lakh. Depreciation was also undercharged by Rs 5,58,287 (building-2%; furniture-10%; Plant & Machinery-6%).

(6) In MGIFRI Motihari, it was noticed that an amount of Rs 761.97 lakh was paid to CPWD as advance for different work and it was depicted under capital work in progress as OB. As per the utilization certificate/form 65, it was noticed that the value of work done was Rs 669.59 lakh upto the year end 2021-22. As per the accounting policy, the utilized amount should have been depicted under capital work in progress and the rest amount should have been depicted under current assets, loan and advances. This has resulted in overstatement of capital work in progress and understatement of current assets, loan and advances by Rs 92.38 lakh.

## **B. Income & Expenditure Account.**

### **B.1 Income – Rs.7846.25 crore**

#### **B.1.1 Other income (Schedule 14)– Rs. 254.73 crore**

(1) In ICAR- Research Complex Eastern Region (ICAR-RCER) - Patna, closing balances for revolving fund of two KVKs viz. Ramgarh and Buxer were Rs.1.12 lakh and Rs.1.55 lakh

respectively but ICAR-RCER has exhibited only Rs.1.12 lakh- instead of Rs.2.67 lakh (111748+1553864) which has resulted in understatement of Current Assets (cash) and income by Rs.1.55 lakh and consequently understatement of capital fund to the same extent.

(2) In CTRI Rajahmundry, an amount of Rs 9.98 lakh was paid as 100% advance to deposit with the Office of the EE, CPWD Rajamahendravaram towards repair of Grading Hall at BSR Farm. Katheru. Since the above payment was paid as advance, and not adjusted as on 31.3.2022, the same should be shown in the Advances under Loans and Advances in the Balance sheet. However, the same was not shown as Advance but was incorrectly shown as expenditure under Administrative Expenditure in Income and Expenditure statement.

This resulted in understatement of Loans and Advances by Rs 9.98 lakh and overstatement of expenditure (in Income and Expenditure statement) and consequently understatement of Corpus/Capital by Rs 9,98,500.

## **B.2 Expenditure**

### **B.2.1 Schedule 18**

(1) IVRI, Mukteshwar has deposited Rs 13.56 lakh with Uttarakhand Power Corporation Limited as 'Security Deposit' but the same has been booked as expenditure under Schedule 18. This has resulted in overstatement of expenditure and understatement of Loans and Advances by Rs. 13.56 lakh.

## **C. Significant Accounting Policy (Schedule 22)**

(1) As per Significant Accounting Policy No 6, Gratuity, Pension and Leave Encashment are provided in the Books of Accounts on cash basis. This accounting policy is in contravention of the Uniform Format of Accounts prescribed by the Ministry of Finance for Autonomous bodies. It was also noticed that Provision for retirement benefits was not created on actuarial valuation basis as stipulated in Accounting Standards 15 of ICAI. *Despite being pointed by Audit in previous years, no compliance of the same could be ensured in 2021-22.*

(2) In respect of Significant Accounting Policy no 7 of Headquarters on Investments, all Long-Term Investments are valued at cost, except in case of permanent diminution in their value, for which necessary provision is made. Current Investments are valued at the lower of Cost and / Fair / Market value. However, the policy pertains to valuation of Investments at Headquarters

level only. The policy is thus, insufficient, and inadequate to the extent as it does not state how the long-term Investments are valued at the unit level, which are substantial in number (123 units). In the absence of Significant Accounting Policy regarding the valuation of the Investment, valuation of Long-Term Investments at the unit level remains vague and ambiguous and accordingly the Significant Accounting Policy is deficient to that extent. The policy also does not specify whether the Investment refers to Investment of endowment funds, government grants or revolving funds.

(3) Depreciation on fixed assets for the year is provided on straight line method as per Companies Act by ICAR. However as per Uniform Format of Accounts, the depreciation is to be provided on Written down Value and rates specified as per Income Tax Act. *Despite being pointed by Audit in previous years, no compliance of the same was ensured in 2021-22.*

Due to less depreciation charged on fixed assets, fixed assets (at consolidated level) are overstated and expenditure is understated by Rs 2.70 crore.

#### **D. General**

(1) In CTRI Rajahmundry, an amount of Rs. 12.86 lakh was shown as capital work in progress (both Opening Balance and Closing Balance for the Balance sheet as on 31.3.2022). The amount was incorrectly depicted as Capital work in progress even though no work was pending. This needs correction.

#### **E. Grant-in-Aid**

During 2021-22, ICAR received Grants-in-aid of Rs.7908.48 crore. It had an opening balance of Rs.104.00 crore. Out of total Grant of Rs.8012.48 crore, Rs.68.62 crore was already refunded grants/ releases to ICAR units and Rs.397.59 crore was utilized for capital expenditure. An amount of Rs.30.09 crore lapsed in Treasury Single Account and revenue expenditure of Rs.7403.38 crore was incurred leaving closing balance of Rs.112.78 crore.

## **F. Management letter:**

Deficiencies which have not been included in the Audit Report have been brought to the notice of the Council through a Management letter issued separately for remedial /corrective action.

v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report are in agreement with the Books of Accounts.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with Notes to Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure to this Audit Report give a true and fair view in conformity with Accounting Principles generally accepted in India:

- a) In so far as it relates to the Balance Sheet, of the state of affairs of the ICAR as of 31 March 2022; and*
- b) In so far as it relates to Income and Expenditure Account of the Deficit for the year ended on that date.*

**For and on behalf of  
Comptroller & Auditor General of India**

**Place : New Delhi  
Dated : 31 /10/2022**

**(Keerti Tewari)  
Director General of Audit  
(Agriculture, Food & Water Resources)**

## **Annexure**

### **1. Adequacy of Internal audit system**

The Internal audit system of ICAR needs to be strengthened as: -

- a) Total 118 units were planned during 2021-22 and out of which only 20 units were audited.
- b) 25 Internal Audit paras were outstanding as on 31.03.2022.
- c) In DPR - Hyderabad, no internal audit was conducted Since 2018-2019.
- d) In Central Potato Research Institute (CPRI) – Shimla, internal audit has been conducted up to March 2019.
- e) Internal audit of NAARM–Hyderabad, IIRR– Hyderabad, ATARI Bangalore and IVRI Mukteshwar was conducted up to 2018-19.
- f) Internal audit of ATARI Jodhpur, CICR Nagpur, and NRCB – Trichy was not conducted since 2019-2020.
- g) Internal audit of DRMR, Bharatpur, ICAR-RCER Patna, DGR Junagadh and CSWRI Tonk, Jaipur was conducted up to 2020-21.
- h) Internal Audit of ATARI Pune was not conducted since 2017.
- i) In MGIFRI Motihari, no internal Audit wing /Internal Audit Manual was put in place.

### **2. Adequacy of Internal Control System**

The internal control system of ICAR needs to be strengthened as:

- a) 28 External Audit paras of ICAR Hqrs were outstanding as on 31.03.2022.
- b) 2 vigilance and 13 disciplinary cases were pending as on 31.03.2022.
- c) Fixed Asset Register has been updated for the year 2021-22 by only 118 units of ICAR.
- d) Non adjustment of outstanding Advances by ICAR Hqrs for 1995-96 to 2021-22.
- e) The Fixed Asset Register pertaining to ICAR headquarters Account was not maintained in prescribed format.
- f) Expenditure Control Registers and register of Contracts has not been maintained by the ICAR HQ.
- g) IVRI, Mukteshwar has not filled the vacancies as only 133 posts are filled against the sanctioned strength of 234.
- h) IVRI, Mukteshwar- Non Refund of EMD amounting to Rs 410624.



- i) IVRI, Mukteshwar- Non Adjustment of LTC-Advances amounting to Rs 1.29 lakh and Contingent Advances amounting to Rs 2.04 lakh.
- j) In MGIFRI Motihari, there is significant shortfall of more than 69% in staff / officer strength.
- k) In MGIFRI Motihari, office procedure manual was yet to be formulated.
- l) In MGIFRI Motihari, there was huge amount kept in current accounts.

### **3. System of Physical Verification of Fixed Asset**

Out of 123 units the Physical Verification of Fixed Assets for the year 2021-22 was conducted by 118 units.

### **4. System of Physical Verification of Inventory**

- a) Out of 123 units the Physical Verification of Inventory has been conducted by 118 units.
- b) Physical Verification of Books & Publication has been conducted during the year 2021-22 and no discrepancies were found.

### **5. Regularity in payment of Statutory Dues**

As per Accounts, no Statutory Dues of more than six months were outstanding as on 31.03.2022.

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## **MANAGEMENT LETTER**

1. An examination of Schedule 3 of Balance Sheet - Investments from Earmarked (Rs. 11.02 crore)/ Endowment funds (Rs.9.99 crore) reveals that out of 123 units, only 16 units invested from earmarked and 34 units invested from endowment fund. The other remaining units of ICAR have not made any Investment despite surplus funds available throughout the year in both Endowment and Earmarked funds. This is in violation of the Significant Accounting Policy no. 9 on Investment of Earmarked Funds. Further, Rule 229 (iv) of GFR 2017 stipulates that all autonomous organizations 'should be encouraged to maximize generation of internal resources and eventually attain self-sufficiency'. Non-investments of surplus funds lying in the Earmarked/Endowment Funds is in violation of the Significant Policy which may be rectified during 2022-23. *Despite being pointed by Audit in previous years, no compliance of the same could be ensured in 2021-22.*
2. In Directorate of Cashew Research (DCR) Puttur, Karnataka, works amounting to Rs. 5.60 crore has been completed and taken possession by the Institute during the year 2020-21 but the same had not been taken into account. This may be corrected during 2022-23.
3. In ICAR- Research Complex Eastern Region (ICAR-RCER)- Patna, equipment amounting to Rs.7,73,439/- was distributed among the farmers but the same were taken under Fixed assets and charged depreciation amounting to Rs.38,672. Further, depreciation was also overstated by Rs.38672/-. Corrective action may be taken during next year.
4. In NDRI Bengaluru, Fixed assets out of Government grants included expenditure of Rs.1,65,297/- towards repairs and maintenance resulting in overstatement of fixed assets and understatement of expenditure to that extent in 2020-21 and the same has not been rectified during this year. This needs correction.
5. Current Assets do not include closing stock of animal feed for *Mithun* valued at Rs.206015/- and postal stamps of Rs.1157/- as on 31<sup>st</sup> March 2022 in National Research Centre on Mithun, (NRCM), Dimapur. Same may be rectified during 2022-23.
6. Scrutiny of the Annual Accounts of ICAR (HQ) for the year 2021-22 revealed that Schedule 7- Current Assets, Loans & Advances does not include an amount of Rs.53516/- being cash balance of Franking Machine as on 31.3.2022 resulting in

understatement of Current Assets, Loans & Advances and understatement of Capital fund by the same amount. Corrective measures may be taken.

7. ICAR Units receive grants from ICAR Hqrs (Budget) as well as from other ICAR units for different schemes and prepare annual Accounts at their end. However, each unit of ICAR shows expenditure/utilization made by them in respect of all the grants they receive, irrespective of the sources of Accounts. Since inter unit releases/ refunds take place, certain modifications/ adjustments are being made in Consolidated Accounts to depict the grants. This practice of inter unit releases/ refunds of grants should be avoided and grants should be released/ refunded from ICAR Hqrs to units and vice versa. Despite being pointed out since 2016-17, no compliance of the same could be ensured in 2021-22 also. Remedial measure may be taken during 2022-23.
8. Sundry creditors, sundry debtors, deposit and advances, details of lands, details of various heads under income and expenditure schedules etc. appearing in respective accounts of the institute are maintained at the institute level only. The same could not be verified during the audit of ICAR. Details may be made available to LAP conducting audit at consolidated level in future years.
9. Transferring of all Assets and Liabilities after removing sub-entity Agricultural Scientists Recruitment Board (ASRB) from ICAR after change of its status as a separate entity under DARE has not been disclosed in Contingent Liabilities and Notes to Accounts. *This was also pointed out in last year SAR.* The same may be complied with during 2022-23.
10. In Agricultural Technology Application Research Institute (ATARI-X) Hyderabad, two dell monitors that were shown in Fixed Asset register were not added under the schedule 5 of annual accounts for the year 2021-22. The fixed assets are understated by Rs.44604/-. Remedial measures may be taken during 2022-23.
11. ICAR letter no. 1-1/2022-Acetts.-II dated 28.03.2022 provided that any expenses of a prior period (not pertaining to the current financial year) paid during the current financial year should invariably depicted as Prior Period Expenses in Schedule-21 in the annual accounts of that year. However, following cases of non-compliance to this circular were noticed in case of ATARI Jodhpur, DRMR Bharatpur and ICAR-RCER Patna. Corrective action may be taken from the financial year 2022-23.
12. In MGIFRI Motihari, an amount of Rs 149.00 lakh was paid to NPCC for different three works and it was depicted under capital work in progress as Opening Balance. No transaction has been made from long time. This should have been reconciled.

13. In CTRI Rajahmundry, Construction of vehicle parking shed was added to vehicles instead of buildings. This needs rectification.
14. No disclosure has been made in accounting policy pertaining to Taxation. ICAR has neither been filing Income Tax return nor has exemption certificate from appropriate authorities been issued to ICAR. *Despite being pointed by Audit in previous years, no compliance of the same could be ensured in 2021-22.*
15. Commitment on Capital Account has not been disclosed in Notes to Accounts. The amount, net of advances, is required to be disclosed. In the absence of capital commitment in notes to accounts, Capital Work in Progress could not be verified in audit.

**Deputy Director**

### Final SAR Index

Institute/Unit	Audit Para
ICAR HQ	A.1.1(1), C(1), C(2), C(3), E
ATARI Jodhpur	A.1.1(2), A.2.1(3), A.2.1(4)
ATARI Pune	A1.1(3)
MGFRI, Motihari	A.1.1(4), A.1.1(5), A.1.1(6)
DPR Hyderabad	A.2.1(1)
IIRR Hyderabad	A.2.1(2)
RCER, Patna	B.1.1(1)
CTRI Rajmundry	B.1.1(2), D(1)
IVRI Mukteshwar	B.2.1(1)

### Management Letter Index

Institute/Unit	Observation No.
ICAR HQ	1, 6, 7, 8, 9, 14, 15
DCR Puittur	2
RCER Patna	3, 11
NDRI Bengaluru	4
NRC Mithun Nagaland	5
ATARI Hyderabad	10
ATARI Jodhpur	11
DRMR Bharatpur	11
MGFRI Motihari	12
CTRI Rajmundry	13