

**Institute-wise list of observation in SAR 2020-21**

| S.No. | Name of Institute     | Para/Observation No.        |
|-------|-----------------------|-----------------------------|
| 1     | CIWA, BHUBANESWAR     | A.2.1(1)                    |
| 2     | DCR, PUTTUR Karnataka | A.2.1(2)                    |
| 3     | NRCY, Dirang          | A.1.2(1)                    |
| 4     | ICAR, (HQ)            | A.1.1, A.1.2(2), B, C, D, E |

**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 2021**

We have audited the attached Balance Sheet of the Indian Council of Agricultural Research (ICAR) as at 31st March 2021, 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, 20 units were audited, and comments 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 regards 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 – Rs. 1056.2 crore**

The above includes closing balance of internal resource generation amounting to Rs. 252.81 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. 252.81 crore. Despite being pointed by Audit in 2019-20, no compliance of the same could be ensured in 2020-21.

#### **A.1.2 Earmarked/Endowment funds – Rs. 22.69 crore**

- (1) The above does not include earmarked fund of Rs 99.86 lakh received from the Ministry of Tribal Affairs, Government of India under Tribal Sub-Plan Scheme pertaining to National Research Centre on Yak (NRCY) Dirang, which focus on channelizing financial assistance through identified schemes to address the persistent socio-economic backwardness of Schedule Tribes in the country. However, it was not disclosed under earmarked/Endowment funds and clubbed with general grant receipt during the year. As a result, Earmarked fund (schedule 3) was understated and general grants (Schedule 9) was overstated by Rs. 99.86 lakh.
  - (2) An examination of Schedule 3 of Balance Sheet - Investments from Earmarked (Rs. 13.83 crore)/ Endowment funds (Rs. 8.87 crore) reveals that none of the 123 units of ICAR have made Investments despite surplus funds remaining 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. Interest Income accrued on such Investments which require funds, to the extent not immediately required for expenditure, to be invested in approved securities for fixed terms in Banks. Further, Rule 229 of GFR 2017 applicable all autonomous organizations states 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 Accounting Policy no 9.
- This comment was highlighted in previous year SAR and no corrective action has been taken.**

## **A.2 Assets**

### **A.2.1 Fixed Assets (Schedule 5) – Rs. 3900.01 crore**

(1) The buildings with estimated cost of Rs. 12.92 crore constructed by CPWD (Deposit Rs. 12.92 crore) have been handed over / taken over and already put to use by CIWA, Bhubaneswar but these buildings have not been capitalized till 2020-21. This has resulted in understatement of Fixed Assets by Rs. 12.92 crore (Gross Block) and overstatement of Current Assets, Loans and advances to the same extent.

(2) In Directorate of Cashew Research (DCR) Puttur, Karnataka, the works amounting to Rs. 5.60 crore has been completed and taken possession by the Institute during the year 2020-21 but the same has not been taken into account which has resulted in overstatement of Capital Work in progress and understatement of Fixed Assets by Rs. 5.60 crore.

## **B. Significant Accounting Policy**

(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.

(2) 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.

## **C. General**

(1) 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. This is being pointed out since 2016-17. Despite being pointed in audit in 2019-20, no compliance of the same could be ensured in 2020-21 also.

(2) As per Significant Accounting Policy No 3.5, full depreciation is provided on additions during the year. 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. Further, the

depreciation at full rate should be provided if the assets are capitalised for more than 180 days and half year depreciation is to be provided if the assets are capitalized for less than 180 days. The Policy of ICAR on depreciation needs to be amended.

(3) The opening balance and closing balance of Earmarked and Endowment Fund of some units show the same balance. These funds are invested in banks, which generates interest and hence should have been added to the concerned funds, in pursuance of ICAR Significant Accounting Policy in respect of Endowment fund. However, the opening balance and closing balance of Earmarked and Endowment Fund are same, exhibiting the fact that interest generated thereupon has not been added to concern Endowment Fund.

(4) In absence of appropriate classification of categories of Fixed Assets amounting to Rs. 93.11 lakh, the depreciation charged under the heads "Others" does not depict the fair rate of depreciation. In addition rates of depreciation charged has not been disclosed in Significant Accounting Policy.

#### **D. Grant-in-Aid**

During 2020-21, ICAR received Grants-in-aid of Rs.7302.15 crore. It had an opening balance of Rs.185.37 crore. Out of total Grant of Rs.7487.52 crore, Rs.128.63 crore was already refunded grants/ releases to ICAR units and Rs.313.74 crore was utilized for capital expenditure. An amount of Rs.64.23 crore lapsed in Treasury Single Account and revenue expenditure of Rs.6876.92 crore was incurred leaving closing balance of Rs.104 crore. Further, ICAR has adopted the practice of not refunding the unspent grant immediately after completion of financial year. Interest earned, if any, on unspent grant is also not remitted to government. The amount of unspent grant requires to be remitted immediately at end of the financial year.

E. Deficiencies which have not been included in the audit report have been brought to the notice of the Director General, Indian Council of Agricultural Research, New Delhi through a Management Letter issued separately for remedial/corrective action.

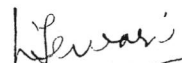
v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report are in agreement with the Books of Accounts.

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 at 31 March 2021; 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 the C &AG of India

Place: New Delhi  
Dated: 11.02.2022



(Keerti Tewari)

Director General of Audit  
(Agriculture, Food & Water Resources)  
New Delhi

## Annexure to Separate Audit Report

### 1. Adequacy of Internal audit system

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

- No units planned for Internal Audit during the year 2020-21
- 83 Internal Audit paras were outstanding as on 31.03.2021.
- In NDRI-NAHEP- Karnal, institute is having the pre-audit system and followed the Central Civil Service Rule and General Financial Rules. The internal audit for the year 2018-19 was conducted through Institute of Public Auditors of India.
- In MGIFRI, no internal audit mechanism is put in place. Internal audit of the Accounts was conducted by ICAR, New Delhi.
- Internal Audit was not conducted for the year 2020-21 in NRCY Dirang, IISR Lucknow, CIRC Meerut, IISS Mau, IIVR Varanasi and DOGR, Pune.
- In NRRI Cuttack, Internal Audit was not conducted for the year 2019-20 and 2020-21

### 2. Adequacy of Internal Control System

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

- 18 External Audit paras of ICAR Hqrs were outstanding as on 31.03.2021.
- Total advances of Rs. 874.46 crore were outstanding as on 31.03.2021.
- 9 vigilance and 7 disciplinary cases were pending as on 31.03.2021.
- Fixed Asset Register has been updated for the year 2020-21 by only 114 units of ICAR.
- Non adjustment of outstanding Advances by ICAR Hqrs for 1995-96 to 2019-20.
- The Fixed Asset Register pertaining to ICAR headquarters Account was not maintained in prescribed format.
- Expenditure Control Registers and register of Contracts has not been maintained by the ICAR HQ.
- The CPRC Shimla has not prepared Accounting Manual and there was no system of confirmation of balances from debtors. Internal control system needs to be strengthened as there was no follow up/ compliance of the deficiencies pointed out by internal audit report since there was nothing on record shown to audit regarding any compliance made in this regard.
- In IISR Lucknow, Internal control system of the Institute is characterized by non fulfilment of vacancies as 187 posts are vacant against sanctioned strength of 295.



- In NRRI Cuttack, Internal Control System was not adequate as proper accounting of assets and depreciation on fixed assets was not calculated properly. Moreover the liability and provision in the Annual account was not properly maintained.
- In NDRI Bengaluru, the internal control mechanism is inadequate as internal audit has not been conducted from the year 2019-20 onwards till date. Further, the post of Assistant finance and accounts officer has been lying vacant for the last seven years. There is no maintenance of ledger accounts for the year 2020-21.
- Internal Control System of the IISS, Mau is characterized by following deficiencies:
  - (1) Non fulfillment of vacancies as 52 posts are vacant against sanctioned strength of 86.
  - (2) Non settlement of advances of Rs 2.08 crore given to CPWD.

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

The Physical Verification of Fixed Assets for the year 2020-21 was conducted by 116 units out of 123 units.

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

- Physical Verification of Inventory has been conducted by 117 units and 1 unit is under process.
- Physical Verification of Books & Publication was conducted in 2017-18 and as per GFR Rule 215, ICAR headquarters is exempted to conduct physical verification till 2020-21.

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

As per Accounts, no Statutory Dues of more than six months were outstanding as on 31.03.2021.