

### **Institute-wise list of observation in Annexure to Management Letter 2020-21**

S.No.	Name of Institute	Comments No.
1	CIBA, CHENNAI	53
2	NRRI, CUTTACK	36
3	CPRI, SHIMLA	3, 49
4	NDRI, Bengaluru	30,31,32, 37, 39, 40, 51, 52
5	DCR, PUTTUR Karnataka	13, 14
6	NRCPB(NIPB)	33, 38, 47
7	NIANP, Bengaluru	11, 41, 42, 44
8	IIHR, Hesarghata, Bengaluru	5, 35, 48
9	CAZRI, Jodhpur	2, 7, 46
10	CIFE, Mumbai	43
11	ICAR, (HQ)	1, 6, 8, 15 – 28, 54
12	MGIFRI, Motiharias	10, 50
13	IISR, Lucknow	4
14	DOGR, Pune	45
15	NAHEP	9
16	DMAPR, Boriavi	12
17	IIVR, Varanasi	29
18	IASRI, New Delhi	34

### Management letter

The Management needs to make necessary changes/corrections while finalising accounts of 2021-22 on the basis of following comments: -

1. The amount of Rs. 12.32 lakh shown under the head "Others" in Schedule -6 'Investment Earmarked/Endowment Fund' is on account of interest earned on the Earmarked/Endowment Funds invested in the form of fixed deposit receipts during the financial year. The same has been wrongly depicted in Schedule-6 instead of showing in Schedule 3 as "Income from Investments made from the funds"
2. In Central Arid Zone Research Institute (CAZRI) Jodhpur, it was noticed that interest of Rs. 0.13 lakh (Annexure to Schedule 7B) earned on "investment out of Earmarked/Endowment fund (Annexure to Schedule 7C)" was not included in earmarked/Endowment funds under schedule 3.
3. Central Potato Research Centre (CPRC) Shimla has not prepared Schedule 10—Grants/subsidies (Irrecoverable Grants received) in accordance with the prescribed format. This issue was also pointed out in the previous year's SAR but no compliance has been made.
4. In Indian Institute of Sugarcane Research (IISR) Lucknow, as per Income & Expenditure Account, income from Guest House is Rs. 6.39 lakh whereas as per records of Institute it is Rs. 5.54 lakh, causing a difference of Rs. 0.85 lakh. This needs to be reconciled.
5. In Indian Institute of Horticultural Research (IIHR) Hesarghata Bengaluru, there is a difference in the ledger figures and final account figures in the following heads which needs to be reconciled:  
(Amount in Rupees)

Sr. No. of Head/Particulars	As per Final Accounts	As per Ledger Accounts/Worksheet	Difference
<b>A. Income from Sales</b>			
1.Sale of Farm Produce	5250848	4891337	359511
3.Sale of Fruits & Vegetables	0	287781	(-) 287781
5.Sale of Breeder Seeds	0	71730	(-) 71730
10.Sale of other products	0	122589	(-) 122589
<b>B. Income from Services</b>			
2.Consultancy Services	135984	122589	13395
8.Other Internal Resource Generation activities.	0	2000	(-) 2000
<b>Total</b>	<b>5386832</b>	<b>5375437</b>	<b>11395</b>

6. The details of the following heads under Income and expenditure Schedules shown for the year 2020-21 in the consolidated annual account of ICAR has not been provided to the audit

Schedule	Heads	Amount (in Rs.)
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8 Income from sales/services	Income from sales 10. Sale of other products Income from services 8. Other internal resource Generation Activities.	8914190  24276097
10 Fees/Subscriptions	Others	3362630
12 Income from Royalty, Publications etc	Others	30000
15 Prior Period Income		362920
16 Establishment Expenses	h. Others	164771894
17 Research and Operational Expenses	12. Other Research Expenditure	2186447843
18 Administrative Expenses	o. Other Expenses	1744949223
19 Grants, Subsidies etc	E. Others	3332776962
20 Misc Expenses	5. Others	551104543
21 Prior Period Expenditure		24288356

The above heads could not be verified in the audit as the council stated that the information will be available at the institute level only and such information does not form part of the Consolidated Annual Account.

7. In Central Arid Zone Research Institute (CAZRI) Jodhpur, various types of services valuing Rs. 36.86 lakh were procured in financial year 2019-20, but payments were made in the year 2020-21 and shown under schedule-18: Administrative Expenses. This Expenditure should have been shown under Schedule 21 "Prior Period expenses".

- ✓ 8. The head 'Other Research Expenditure' is deficient and inconclusive to the extent that it does not disclose the nature of items along with expenditure spent on them out of government grants. This is especially necessary given that these expenses constitute 44 *per cent* of the total Research and Operational Expenditure. The recorded transactions in the financial statements have to be properly classified, accounted for / disclosed where appropriate. However, the items of expenditure in the above accounting head Research and Operational Expenditure despite having two distinct sub heads does not make a distinction between Research and Operational Expenditure for proper classification of items of expenditure which have been borne out of the Government grants. This is despite the fact that the main account head mentions two subheads of expenditure – Research and Operations. Lack of proper classification created an ambiguity on the nature of expenditure items.

9. In NAHEP, Significant Accounting Policy on Stocks states that animals used in research are treated as expenditure on cash basis whenever they are purchased. If, however, they are held in large numbers and issued for research as and when necessary, they will be classified as inventory. During the year 2020-21, animals worth Rs. 1.22 crore for research were purchased from Government grants. This huge expenditure is indicative of purchase of large number of animals necessitating their classification in inventory which has not been done as the entire amount is treated as Expenditure and has been written off. Classification of animals for research amounting to Rs. 1.22 crore should have been done under inventory.

10. Mahatma Gandhi Integrated Farming Research Institute, Motihari has made payment amounting to Rs. 2.40 lakh under SCSP (Schedule Cast Sub Plan) for purchase of knapsack sprayer machine. However, MGIFRI has exhibited above said equipment under fixed assets (schedule-5) and charged depreciation of Rs. 0.24 lakh (10% of Rs. 2.40 lakh) on this equipment. These equipments

should be exhibited under Research and Operational Expenses (schedule-17) as these equipments were distributed to beneficiaries.

11. In National Institute of Animal, Nutrition and Physiology (NIANP) Bengaluru, an Expenditure of Rs.1.32 lakh incurred towards renovation of Radioisotope Laboratory was shown as Capital work in progress instead of treating it as revenue expenditure.
12. In Directorate of Medicinal and Aromatic Plants Research (DMAPR) Boriavi, grant amounting to Rs. 995.6 lakh has been given to 27 State Agricultural Universities for AICRP on Medical and Aromatic Plants and Betelvine Project/Scheme. As per Annexure to above schedule and utilization certificate received only Rs. 906.10 lakh and keeping the un-utilized grants with them without returning to the grantee.
13. In Directorate of Cashew Research (DCR) Puttur, Karnataka, the total expenses booked under Administrative Expenses is Rs.1.50 crore. However, audit scrutiny of the Classified Abstract Register revealed that a total amount of Rs.1.45 crore has been shown as Administrative expenses.
14. In DCR, Puttur, Karnataka an expenditure of Rs.11.71 lakh shown under miscellaneous expenses "Others" and nil expenditure on "Guest House." However, Classified Abstract Register revealed that an amount of Rs. 9.80 lakh has been incurred on Guest House and Rs. 11.71 lakh under Miscellaneous expenses – "Others" that includes expense on Guest House of Rs. 9.80 lakh, which resulted in misclassification of expenses.
15. In respect of Headquarters, Significant Accounting Policy no 7 on Investments, except in case of permanent diminution in their value states that 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.
16. Policy at Sr. No. 8 wherein it is mentioned about allocation of a specific percentage of the intellectual fee levied against and recovered from sponsored research projects, consultancy projects and technical services. The fund is utilized for grants to families of the deceased employees, Ex-gratia payments to employees/scholarship/ hostel/subsidy/cash awards etc. The balance fund is invested and the income from the investment is added to the fund'. In Annual Accounts, no intellectual fee was recovered from sponsored research projects. Further, no investment out of this intellectual fee was made. Thus, policy at Sr. No. 8 is not accurate.
17. Bank Reconciliation Statement needs to be reconciled in respect of the following:
  - (i) An amount of Rs. 12890904 represents amount of Cheques issued but not cleared.
  - (ii) An amount of Rs. 5497283 represents amount credited by bank but not taken in Cash Books.
  - (iii) An amount of Rs. 384143 represents amount of Cheques deposited but credit not given by bank

(iv) An amount of Rs. 52087 represents amount of Debit raised by bank but not booked in cash book

18. The closing balance of certain Fixed Assets for the year 2019-20 does not match with their corresponding opening balance for the year 2020-21. In practice, the derived closing balance of previous year is carried forward as the opening balance for the next year; however, the same is not getting matched. Inclusion of Fixed assets figures in the consolidated Accounts despite non reconciliation with figures of the Fixed Assets Register maintained at the institute level should have been disclosed in the notes to accounts. Notes to Accounts are thus deficient to that extent.

19. 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. CAA

20. 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.

21. The details of items booked under "OTHER" in Schedule 4 was not found disclosed in Notes to Account.

22. Sundry creditor, sundry debtors and various other deposit and advances 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.

23. According to significant policy no 10.4, Grants from AP Cess Funds- In ICAR, since 2017-18 onwards no funds are drawn under AP Cess Fund Scheme. The column of AP Cess has not been removed from the format of Annual Accounts. Thus, disclosed policy is deficient.

24. ICAR is having 54307.86 acres of land in its jurisdiction. As per Schedule 23(3) – Contingent Liabilities and notes to accounts – details of encroached disputed land, if any, is provided in the notes to accounts of respective ICAR units in their annual accounts. However consolidated details of land encroached/disputed land have not been disclosed in Notes to Accounts. CAA

25. The details of land (leasehold/Purchased) depicted as Rs. 1 has not been disclosed in accounts.

26. Depreciation figures are not rounded off to nearest Rupee.

27. Grants lapsed in TSA have not been Disclosed.

28. Expenditure Control Registers and register of Contracts has not been maintained by the ICAR HQ.

29. Indian Institute of Vegetable Research (IIVR) Varanasi has shown Rs 247900.00 as expenditure of postage stamp in Receipts and Payments account whereas as per the records of the Institute it is Rs 49558. Thus, there is a difference of Rs 198342 which needs to be reconciled.

30. In National Dairy Research Institute (NDRI) Bengaluru, the following mismatch between the basic records and financial statements as detailed below, needs to be reconciled:

S/N	Inventories	Incorrect figures adopted (Rs.)	Correct figures to be adopted (Rs.)	Difference (Rs.)
1.	Stores & Spares	17,76,349	2,13,292	15,63,057



2.	Glassware's	NIL	17,76,349	17,76,349
3.	Stationery	2,13,292	1,54,854	58,438

31. In NDRI Bengaluru, the following mismatch between basic records and financial statements in respect of the Long Term Advances to Employees as detailed below needs to be reconciled:

S/N	Long Term Advances to Employees Particulars	Incorrect figures adopted (Rs.)	Correct figures to be adopted (Rs.)	Difference (Rs.)
1.	Motor Vehicles	73,800	1,43,000	69,200
2.	Computer	3,81,139	2,58,516	1,22,623

32. In NDRI Bengaluru, cost value at the year-end (2019-20) for each asset mentioned therein was nil whereas cost value at the beginning of the year 2020-21 for the same asset was not shown as nil. This is not in order. All columns in respect of the said Schedule should be shown as zero. This needs to be reconciled:

33. In NIPB New Delhi, there were difference in figures in two set of account under the following head:

Description	As per NRCPB (NOW NIPB) Annual Account	As per ICAR consolidation account
Schedule 7: Current Assets, Loans and Advances		
b) Advances to Employees		
- Festival	64000	0
- Others	959227	1023227

The above difference needs to be reconciled.

34. In Indian Agricultural Statistics Research Institute (IASRI) New Delhi, difference in figures in two set of account under the following head:

Description	As per IASRI Annual Account	As per ICAR consolidation account
Schedule 7: Current Assets, Loans Advances		
b) Advances to Employees		
- Festival	140595	0
- Others	368491	509086
Schedule 17: Research & Operational Expenses (Current Year)		
8. Photograph/Audiovisual expenses	0	97990
9. Computer Hire charges	0	288274
Receipts and Payment Account		
I. Expenses		
b) Administrative	298846204	288952691
VIII. Other Payments	88052110	97945623

The above difference needs to be reconciled.

35. In Indian Institute of Horticultural Research (IIHR) Hesarghata, Bengaluru, there were instances of incorrect depiction of previous years figures as under:-

(Amount in Rupees)

Sl. No.	Schedule-20/Head	As per 2019-20 account	As per 2020-21 account
1.	Schedule-20/Publicity and exhibitions	300554	430522
2.	Schedule-20/Guest House	17030	134133
3.	Schedule-20/HRD	1637538	2035071
4.	Schedule-20/Revolving Fund Scheme - Exp.	85954516	0
5.	Schedule-20/Others	2185727	2005155
6.	Schedule-12/Income from Royalty, Publications etc.	1209402	0

The incorrect depiction needs to be explained

36. In National Rice Research Institute (NRRI) Cuttack, the liabilities does not include an amount of Rs 4.65 lakh for the purchase of material supplied in March 2021 and for the annual maintenance. This needs to be corrected.
37. In NDRI Bengaluru, Liability was created for the unspent balances amounting to Rs 11,61,564 of the courses conducted by the institute from the internal sources of funds. Since, there is no liability to pay to internal sources the above training programs were not conducted under specific grants of the headquarters office, creating liability has resulted in overstatement of liability and provision to that extent. This needs to be corrected.
38. In National Institute of Plant Biotechnology (NIPB), the amount of Rs. 56.58 lakhs shown in Schedule-5 (E): Deposit Schemes instead of Schedule 5(A) Government grant. As this expenditure has to be met towards electrical renovation work under the head "capital works" (Institute fund). Hence it is a wrong depiction.
39. In NDRI Bengaluru, Refrigerator purchased for Rs.19,690/- vide voucher no.1857 dt.29.03.2021 was not capitalized and taken as revenue expenditure. This has resulted in understatement of fixed assets of Rs.19,690 and depreciation of Rs.1969 (10%). This needs to be corrected.
40. 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. This needs to be corrected.
41. In National Institute of Animal, Nutrition and Physiology (NIANP) Bengaluru, total advances on work (capital) was shown as Rs. 25426790/- out of which Rs. 2305828/- pertains to Energy efficient LED based lighting. The LED based lighting work was completed at the cost of Rs.2305329 during the year 2019-20 and Rs. 499/- was refundable to NIANP. However, the same was not capitalized as fixed asset (electrical equipment) in the annual account of 2019-20 and also 2020-21. The said asset should be depreciated two times amounting to Rs. 461066 till 2020-21 (Since this office follows straight line method of depreciation, depreciation @ 10% per year for 2 years is calculated).

42. In NIANP Bengaluru, assets amounting to Rs 1,43,350 were capitalized in the annual accounts of 2020-21 even though the same were purchased, taken to the asset register and put to use during the year 2019-20. The said asset should be depreciated for Rs. 14335 for the year 2019-20 and shown in cumulative depreciation in the annual accounts of 2020-21.
43. Despite being pointed by Audit in 2018-19, in Central Institute of Fisheries and Education (CIFE) Mumbai the amount of Rs. 11,45,625 has been outstanding since 1998-99 for consultancy charges of MFV, Saraswati. As the amount is outstanding for more than 21 years, and its chances of recovery seem to be quite remote, so adequate provision to that effect should have been created.
44. The National Institute of Animal, Nutrition and Physiology (NIANP) Bengaluru carries various construction activities through Deposit works of Central Public Works Department (CPWD). The expenditure incurred from the advances is to be shown in capital work in progress and deposits actually lying with the CPWD are only to be shown in the advances. A cross verification of annual Accounts with form 65 furnished by CPWD revealed expenditure amounting to Rs 16,46,521. This has resulted in overstatement of advances and understatement of Capital work in progress to that extent. This needs to be corrected.
45. In Directorate of Onion and Garlic Research (DOGR) Pune, the depreciation on all the fixed Assets was charged at full rate even though these assets were purchased in-between January-March 2021. As per the above stated provision, the department should have charged proportionate to the period of use in a year on the above assets. This needs to be corrected.
46. In CAZRI Jodhpur, it was noticed that the depreciation on Computers/Peripherals/ major software was charged by Rs 1.07 lakh instead of Rs 0.33 lakh. This needs to be corrected.
47. In NRCPB New Delhi, there is difference in the rate of depreciation for the heads Elect. installations and Equipments and Computers/ Peripherals/ major software and it needs to be reconciled. The difference of Rs 65,31,717 resulted in overstatement of fixed assets and understatement of expenditure by Rs 65,31,717.
48. In Indian Institute of Horticulture Research (IIHR) Hesarghata, Bengaluru, the interest earned on Term Deposits with Scheduled Banks is shown as Rs. 13,17,437. However, on audit scrutiny it was noticed that total interest aggregating to Rs. 32,51,674 during the year 2020-21. Interest of Rs. 19,34,237 was taken twice in 2019-20 and Rs.19,34,237 was reduced in 2020-21. The same has not been disclosed in the Notes to Account.
49. In CPRC Shimla, an amount of Rs. 11 lakh (Rs. 6,00,000 and Rs. 5,00,000) given as deposit work to CPWD on account of repair of residential quarters and roads at CPRS Patna was included. However, no work against this deposit was reported done. This has resulted in overstatement of Capital Work in Progress and understatement of Current assets.
50. MGIFRI had made payment amounting to Rs 2,28,000.00 to M/s Hindustan Agriculture Equipment, Patna to purchase Battery-operated knapsack sprayer machines under SCSP (Schedule cast Sub Plan) for distribution among the farmers but these were not distributed among beneficiaries. These equipments should be shown under Current Assets (Schedule-7). However, they are shown in Fixed Assets (schedule-5) and depreciation of Rs 22,800.00 (10% of Rs 2,28,000.00) was also charged on these equipments.



51. In NDRI Bengaluru, an amount of Rs.1 lakh paid towards medical treatment was taken back in the institute account as it was not encashed. However, same was shown in loans and advances in the current assets. This needs to be corrected.
52. NDRI, Bengaluru is liable to pay an amount of Rs.1,03,081/- (Rs.79,421/- towards medical expenses and deposit of Rs.23,660/-). Same was not shown in the provisions.
53. In Central Institute of Brackish Water Aquaculture (CIBWA) Chennai, Advance of Rs 66,82,287 utilized by CPWD had been incorrectly accounted as advances instead of Capital Works in Progress.
54. GPF account are prepared separately for the year 2020-21, the disclosure for the same should be made in the Notes to accounts of consolidation of accounts.

Ld CAA

  
11/2/22

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