

INDIAN COUNCIL OF AGRICULTURAL RESEARCH (ICAR)



**MINUTES OF THE INTERACTIVE MEET OF AS&FA, DARE/ICAR
WITH THE DELHI BASED CA FIRMS EMPANELED BY ICAR FOR
CONDUCTION INTERNAL INSPECTION FOR THE YEAR 2014-15 AT
KRISHI BHAWAN, NEW DELHI**

DATE: DECEMBER 11, 2015

TIME: 1100 HRS

**INDIAN COUNCIL OF AGRICULTURAL RESEARCH
KRISHI BHAVAN: NEW DELHI**

F. No. FIN/11/8/2014-IU

Dated the 11 December, 2015

MINUTES OF THE INTERACTIVE MEET OF AS&FA, DARE/ICAR WITH THE DELHI BASED CA FIRMS EMPANLLED BY ICAR FOR CONDUCTION INTERNAL INSPECTION FOR THE YEAR 2014-15 SCHEDULED FOR 11.12.2015 AT KRISHI BHAWAN, NEW DELHI.

In all, 39 CA firms were invited for the meeting out of which 27 firms participated and 12 did not turn up. The list of the firms and officials of ICAR who attended the meeting is attached as Annexure-I of this minute.

1. OPENING REMARKS BY AS&FA, DARE/ICAR

AS&FA, DARE/ICAR in his opening remarks emphasized on the role and responsibility of the ICAR, a scientific research organization in the area of Agricultural Research. He also emphasized on the purpose of such Interactive meet. He observed that the role of internal auditors are as a preventive auditors to fill the gap if any and overcome the shortcomings in financial matter by scrutiny of records to avoid serious objections by Statutory Auditors at a later stage. He informed that as on date there is no PAC para pending in ICAR. He pointed out that the internal audit should ensure that no discrepancies should be raised by C&AG once the exercise of internal audit is over. If C&AG points out something which is not detected at internal audit level then it shows poorly on the work done by internal auditors. Rules are made by administrative authorities who administrates the funds and the role of the audit is to ensure that rules and procedures are followed. Powers are delegated to Head of the Departments/officers and no power to finance/audit is given as these have to ensure their compliances. Audit has to advise politely and duly document and while conducting audit it has to observe that the goal of the organization are achieved by following prescribed rules and procedures. He further stated that the auditing firms have to give professional advice and the real test is that no serious para should be raised by C&AG after the conduct of internal audit by the qualified professionals.

After his opening remarks, the AS&FA asked the Director (Finance) to open the house for general discussions. The CA firms informed that adequate cooperation was given at the Unit level to ensure smooth conduct of internal audit. However, they had expressed views on various accounting and financial issues.

The following issues mainly are emerged out of the discussion:-

1. Fixed Assets Register are not being maintained properly. The inventory of items are not maintained.
2. Physical verification of stores & library books and Journals not being done on regular basis.
3. Outstanding old items in Bank Reconciliation Statement not cleared.
4. Non-disposal of old unserviceable items timely.
5. Procurement
 - a) In some case, General Financial Rules, 2005 provisions were not followed.
 - b) Splitting up cases were also noticed.
6. Annual Accounts :
 - a) Inventory cost shown in the Accounts are not actual but estimated as the details of cost has not been shown in ledgers and there is no separate basis of working out the figures in the accounts.
 - b) Prior paid expenses are not shown.
 - c) The principles of Accrual Accounting are not being followed in totality.
 - d) Opening balances should tally with the closing balances of previous years in AUC's, stores ledgers etc..
 - e) Ledgers are being maintained on manual basis.
 - f) Advances are treated as expenditure.
7. Non-compliance of e-payment provisions invariably.

The other specific issues that were raised are as under:

1. Internal Audit of CRIJAF, Barrackpore unit was allotted to M/s V. Singhi & Associates for the year 2014-15. During the course of Audit, Sr.F&AO had discontinued the audit due to breach of confidentiality as informed, on the other hand CA firm has informed that no such activity was done. In this context, the CA firm has raised the issue in the meeting. It is desired by the AS&FA that a meeting with Director and Sr.F.&A.O may be convened.
2. There is no costing formula for IPR, commercialization of products of ICAR. ICAR should develop costing norms for fixing the price of ICAR products of commercial value for their sale. Director (Finance) suggested that CA firms should suggest some costing procedure for ICAR being Agricultural Research Organization on this 2 CA, firms volunteered to offer their services to find out some solution.
3. Monthly Expenditure Plan (MEP) should be strictly followed. The issue of heavy expenditure in the last quarter of financial year and specially in the month of March was raised by the firms, AS&FA informed the house that it is applicable as a whole on ICAR grants given by Govt. of India, and not to individual unit.

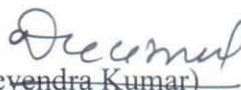
4. Separate bank accounts be maintained for separate deposit schemes to monitor their financial records. It is clarified that the permission of opening new bank account is granted by headquarter and number of bank account should be kept minimum for effective financial monitoring.

Some suggestions and improvements were given by the firms representatives for consideration:

1. Coordinating officers from each institute should be identified and deputed to liaison with auditors.
2. Schedule of Audit may be routed through headquarters.
3. Staff and records should be available during the course of Audit.
4. Every institute should be audited by same firm for two consecutive years to monitor the progress on the observations raised by them in the previous year.
5. The period fixed for conducting the internal audit should be increased.
6. Regular Training to the staff on Accounting Standards/Accrual Accounting
7. A software based accounting system will improve the financial records instead of manually maintaining.
8. Training on Government Accounting Standards should be given.
9. Releasing units should ensure obtaining the UCs/AUCs before releasing releases to centres,

Director (Fin.) also emphasized that CA firms should devote at least ½ day while doing internal audit to sensitize the field offices. It was also decided that henceforth the CA firm will also look into C&AG Local Audit Paras pending with each institute and will advise the institute for taking appropriate action for its settlement. The inspection report should invariably furnish the details of paras pending with the institute. Also, the institutes will take corrective measures on the deficiencies pointed out by the auditors during their discussion and in term the progress during next internal audit.

The meeting ended with a vote of thanks to the Chair.


(Devendra Kumar)
Director (Finance)

Distribution:

1. List of the CA firms attended the meeting (Annexure I).
2. Deputy Director (Finance) II/III, ICAR Hqrs.
3. Sr. F. &A.O. I/II/III, ICAR Hqrs.
4. F&A.O. III/IV/V/VI, ICAR Hqrs.
5. PPS to AS&FA, DARE/ICAR.
6. PA to Director (Finance), ICAR.
7. Media Unit, Krishi Bhavan, New Delhi.

Annexure-I

List of CA firms who have not attended the meeting

S.No.	Name CA Firm
1	CHANDIWALA VIRMANI & ASSOCIATES
2	MULTI ASSOCIATES
3	S B G & CO
4	J SINGH & ASSOCIATES
5	MOOKHERJEE BISWAS & PATHAK
6	L.K. MAHESHWARI & CO.
7	CHATURVEDI & CO
8	AVANISH K. RASTOGI & ASSOCIATES
9	B. C. JAIN & CO.
10	L B JHA & CO.
11	P PARIKH & ASSOCIATES
12	SCM ASSOCIATES

List of CA firms who have attended the meeting

S.No.	Name CA Firm
1	S. K. PATODIA & ASSOCIATES
2	A. R. & Co.
3	A K G & ASSOCIATES
4	BANSAL R. KUMAR & ASSOCIATES
5	SINGH AGARWAL & ASSOCIATES
6	B M CHATRATH & CO
7	S N KAPUR & ASSOCIATES
8	TALATI & TALATI
9	M K AGGARWAL & CO
10	K G SOMANI & CO
11	K K SONI & CO
12	ANOOB AGGARWAL & CO.
13	N C MITTAL & CO
14	G.M.KAPADIA & CO
15	S. RAMANAND AIYAR & CO
16	S K MITTAL & CO.
17	BANSAL & CO
18	RAJ HAR GOPAL & CO
19	GANDHI MINOCHA & CO
20	M. VERMA & ASSOCIATES
21	S C VASUDEVA & CO
22	SINGH RAY MISHRA & CO
23	KOMANDOR & CO
24	V. SINGHI & ASSOCIATES
25	M.C.BHANDARI & CO
26	ASIJA & ASSOCIATES
27	R.M.LALL & CO

List of officials of ICAR who attended the meeting

S. No.	Name	Designation
1	Sri S. K. Singh	AS & FA, DARE/ICAR
2	Sri. Devendra Kumar	Director (Finance), ICAR Hqrs
3	Smt. Rashmi R. Rao	Deputy Director (Finance), ICAR Hqrs
4	Sri O. P. Nagar	Deputy Director (Finance), ICAR Hqrs
5	Sri Rajesh Sahay	Sr. Fin. & Accounts Officer
6	Ms. Sunita Arya	Sr. Fin. & Accounts Officer
7	Sri N.K. Arora	Sr. Fin. & Accounts Officer
8	Sri. P.K. Gupta	Fin. & Accounts Officer
9	Sri. K.K. Sharma	Fin. & Accounts Officer
10	Sri. Manish Wadhera	Fin. & Accounts Officer
11	Sri. S.K. Sharma	Fin. & Accounts Officer