



Indian Council of Agricultural Research
Krishi Bhawan, New Delhi – 110 001

FAX/SPEED POST

F.No. 9-12/2010-IU

Dated 9th January, 2013

To

The Directors of all ICAR Units

Subject: Internal Inspection/Audit of ICAR Units – entrustment of work of Internal Inspection to CA firms

Sirs,

You are aware, from the last several years, ICAR has been receiving adverse comments from C&AG audit for not conducting the Internal Inspection of ICAR Units, on regular basis. Accordingly, with the approval of Governing Body, ICAR has entrusted the work of Internal Inspection to CA firms, duly empanelled with C&AG of India. In this regard, a letter of even number dated 26.12.2012, to CA firms for taking up the audit of ICAR Units, has already been issued, a copy of that letter was also endorsed to you.

2. Subsequently, ICAR has been receiving telephonic references from many Institutes, regarding scope of audit/inspection, constitution of audit team, facilities to be provided to team, etc. Accordingly, Copy of Terms of References (TOR), which includes Scope of Work, constitution of Team, facilities to be provided to audit team and certificate to be given by F&AO of the concerned ICAR Unit on the back side of the bill, after completion of audit, is enclosed for your kind perusal.

3. Further, if the CA firm, to whom your audit has been entrusted, is based in another station/city, the audit team may be provided with guest house accommodation (at Institute's guest house), on priority, at the rates being charged by them from ICAR employees on official visit.

4. Accordingly, you are requested that in order to facilitate the timely completion of Internal Inspection/Audit work, all the record/replies, as required by audit team, may kindly be provided to them in time. Also, the issues/observations raised by the audit team during the course of audit, may kindly be discussed and explained to them immediately.

5. Any other clarification, if required, may be obtained, from Ms. Rashmi R. Rao, Deputy Director (Finance), ICAR at 011-23385233 (Tele-fax) or alternatively from Sh. Manish Wadhera, Finance & Accounts Officer at 011-23381020.

6. Looking forward for your kind cooperation in this regard.

Yours faithfully,


(Devendra Kumar)
Director (Finance)

Encl. as above

Copy to ~~DRMA~~ DRMA will request to upload the same on ICAR website.

Terms of Reference for Internal Inspection of ICAR Units

1. The Chartered Accountant firms shall undertake the Internal Inspection of Units assigned by ICAR.
2. **The primary object** of such an inspection is to enable the Council Headquarters to judge whether the ultimate responsibility for the efficient financial management as well as maintenance of the Accounts of the Institutes is being adequately discharged. This will also enable the Heads of the Institutes to satisfy themselves about proper discharge of the duties and responsibilities of the Drawing and Disbursing Officers as well as Finance and Accounts Officers.

3. **No. of Financial years to be covered under Audit**

The CA firms shall cover transactions of one or more financial years, as indicated in the work order, as per scope of work given in para 7. They will apply a test check on the paid vouchers and the initial documents, service records, etc. from which bills and accounts are rendered in order to see that they are being properly maintained.

However, if while conducting audit, the auditors feel that they need to check the records of past year(s) also, they can ask for the same from the Unit.

4. **Constitution of team**

The team shall consist of one Principal; one qualified Assistant and one semi-qualified assistant. If at any point of time, the CA firm/ICAR feels that due to some specific reasons, more auditors are required in the team, an appropriate decision shall be made with mutual consent.

5. **Number of days required for audit of a particular unit**

ICAR has over 110 units of different magnitude. Hence, the number of days to be given to CA firms for each year, for each unit, has been based upon the total expenditure including revenue and capital incurred by unit under Plan (including Plan Schemes); Non-Plan (including Non-Plan schemes); AP Cess Fund Schemes and externally funded schemes, including consultancies. The expenditure incurred by ICAR Units during the years 2010-11 and 2011-12 is given in Annexure II.

Yearly Expenditure range	No. of days for one year of audit
Upto 20 crore	5 working day
More than 20 upto 50 crore	6 working days
More than 50 crore upto 100 crore	8 working days
More than 100 crore	10 working days

Nineteen ICAR units are also acting as pension authorization units (Annexure III). In order to facilitate proper scrutiny of pension cases, the CA firms will be given 2 additional days, for one year of audit, for conducting Inspection of these 19 units.

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The primary mandate of Zonal Project Directorates (ZPDs) I to VIII is to make releases to Krishi Vigyan Kendras. As such, although the expenditure of ZPDs is above Rs. 20 crore but the scope of work would be very limited. Therefore, the No. of days for one year of audit of ZPD would be 5 (Five only) and the same will not be on the basis of expenditure.

In case the auditors feel that on account of some serious issue(s), the number of days of audit needs to be enhanced, the same may be intimated to ICAR in advance, for prior approval. However, such request for enhancement of number of days should be an exception and the decision in this regard rests with ICAR.

6. **Start of Audit** - The audit work will start within 15 days of the award of job order from the Council.

7. **Start of Work**

A. **Focus Areas must be covered by the auditors**

Basic Check

1. Accounts relating to atleast one month should be scrutinized in detail with all relevant initial records.

Budgetary Control

2. (i) Utilization of funds viz-a-viz the budgetary allocations, (ii) re-appropriation of funds, if any, has been done as per GOI/ICAR guidelines, (iii) expenditure under Plan is as per EFC provision and on the items/activities approved in EFC; (iv) unspent balances under Non-Plan/Plan have been refunded to ICAR and (v) unspent balances under Non-Plan/Plan Schemes is being refunded by the disbursing units to ICAR.
3. Where funds are being released to ICAR Institutes/SAUs etc., it should be ensured that releases are being made as per GOI/ICAR instructions and proper record of releases; AUCs & UCs are being maintained. Unspent balances of previous years are being adjusted while releasing the funds.
4. With regard to Deposit Schemes, the expenditure is as per the approved Budgetary provisions and on the items and activities/terms & conditions approved in the project and proper record is maintained.

Cash and Fund Management

5. (i) Bank Reconciliation statements are being prepared on monthly basis and are being submitted to Council regularly, (ii) outstanding items are being settled as per rules. Idle funds are being invested in Short Term Deposits(STD), (iii) STD Register is being maintained properly and (iv) mandatory provision of e-payment of Rs. 25,000/- and above is being complied with.
6. Maintenance of subsidiary cash book and Imprest Accounts. Whether surprise check of cash by FAO on monthly basis and by some other officers on quarterly basis is being conducted and fidelity bond of required amount as per rules has been submitted by the Cashier, may be inspected.

Maintenance of Basic Record and mandatory checks

7. Maintenance of Proper Land records & land use records. Asset Register should be maintained in the format prescribed by the ICAR. It should be tallied/reconciled with the Annual Accounts of the Institute.
8. Physical verification of Assets, consumables and non-consumables is being done on yearly basis and physical verification of Library books & journals are being done as per rules. Accession Register & other records of Library should be checked. Whether any material deficiency reported? If so, how it has been dealt with?
9. Cases of theft/fire/loss/embezzlement and action taken thereon.

Procurement & Contract Management

10. Scrutiny of selected files pertaining to procurement of Assets; stores, services & works including Rate Contracts of Printing; Chemicals & glassware; Annual Maintenance Contracts and outsourcing of services. Fulfillment of statutory requirements, while making payment for outsourced services may be verified.

Optimal Utilization of equipments and Vehicles

11. Scrutiny of Log books of scientific equipment costing Rs. 1.00 lacs & above. Equipments are being installed in time and penalty, if any, is being deducted for delay in installation may be implemented to ensure that there are no idle/uninstalled/unserviceable equipments.
12. Scrutiny of Log Books of Vehicles to ensure justified use of official vehicle and the same are not being used for private purposes. The mileage shown in the log book and the expenditure on repair & maintenance of vehicles are justifiable.

Revenue Generation

13. Scrutiny of files pertaining to fixation of price of the farm produce/milk/animals/other products of institutes & maintenance of record thereof. Timely deposit of sale proceed with bank. It may also be ensured that there is no loophole in the procedure of recording of these produce right from harvesting/extracting till its sales.
14. Scrutiny of files pertaining to fixation of price of Priced publications; distribution of complementary copies; stock maintenance of such publications.

Pension

15. In case, the Institute is acting as Pension Authorization Unit, calculations of pension, gratuity and CVP (on random basis) should be scrutinized. Whether reconciliation of PPOs with payment made by the bank is being done, should be verified.

Annual Account

16. Proper reflection of closing stock of stationery, other consumables, chemicals & glassware, etc. is given in Annual Accounts. Further, Advances and Letter of Credits, outstanding on 31st March are being reflected in the Annual Accounts. All these may also be verified from the initial records.

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Maintenance of Record by F&AO

17.
 - a. For pay and allowances of officers & Establishment - Fly Leaf Registers.
 - b. For T.A. bills of officers and establishment.
 - c. For Contingent bills.
 - d. Grant-in-aid bills.
 - e. For suppliers bills.
 - f. For works bills.
 - g. For periodical charges (Electricity, Water, Telephone, etc.)
 - h. For recoveries of Licence Fee
 - i. Valuable register/cheque book register is being maintained.
 - j. Objection books (Abstract objection and Adjustment)
 - k. Registers and Broad Sheets for Deposits, Advances and Remittance transactions.
 - l. For LTC/Tuition fee/Medical reimbursement.
 - m. Contractors Ledgers.
- B. Areas which may be covered by the auditors, on test check basis**
 1. Maintenance of Stock Register – Consumables/Non-consumables/Live Stock Register. Issue/Loan register, etc.
 2. Allotment of residential telephone as per ICAR norms.
 3. Review of number of Projects being implemented by each scientist; proper maintenance of RPF I, II & III. Projects closed in mid-way; implementation of recommendations of IRC/RAC/QRT etc.
 4. Occupancy of Residential quarters; vacancy; steps taken to fill up the vacant Quarters.
 5. Appropriate records of students fees; caution money and other charges are being maintained.
 6. Scientific/technical staff engaged in the Admn. work i.e. Estate/Vehicle/Stores/Guest House, etc. and looking after the work of AO/FAO etc.
 7. Check of pay fixation cases; pay bills register and Absentee Statement.
 8. Check of P-loans & advances i.e. whether sanctioned as per norms.
 9. Guest House occupancy register; maintenance of inventory of guest house & timely deposit of cash proceeds, recovery of guest house charges as per ICAR norms.
 10. Records related to New pension scheme and timely deposit of proceeds with trustee bank and uploading of data duly reconciled with deposits so made in NSDL records.
 11. Service books and leave records.
 12. Deductions from pay bills i.e. income tax; profession tax; GSLIS; CPF, etc. and TDS charged from suppliers/contractors are being deposited with respective authorities.
 13. Record of consumption of chemicals and glasswares and other consumables at Division/Lab Level.
 23. GPF Ledgers and BROADSHEETS and Annual statement. Calculation of interest on GPF should be checked.
 24. Medical Reimbursement bills are being paid as per rules.
 25. Study Leave Cases are being regulated as per study leave rules.
 26. TA, LTC, Contingent and Medical Advances given to departmental employees are being allowed as per rules and also being adjusted in time. In case of delay in adjustment/refund, the penal interest is being charged, as per rules.
 18. Any other issue relating to financial management/discipline and other issue specifically assigned by ICAR.

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8. **Standard format of Audit Report** - Standard format in which the report is to be submitted by the auditors is Annexed as Annexure VI.

9. **Submission of Report**

- (a) Draft Report will be prepared at the unit itself and important points/ observations/concerns discussed with the Director/Head of the unit before the audit party winds up.
- (b) Final Report shall be submitted to the ICAR Hqr. within 15 days of completion of inspection, in the prescribed format.

10. **Terms of Payment**

Payment will be made on bill basis subject to acceptance of Inspection Report at Finance Division of ICAR hqrs. The bill shall be processed for payment within two months from the date of receipt. The agency will be required to obtain a certificate from the auditee unit(s) w.r.t. conduct of audit including duration and details of audit personnel conducted the audit. The format in which the firms are required to submit the bill and the format of the certificate to be given on its back side, is annexed as Annexure V.

11. **Rates** Following rates have been decided on the basis of minimum recommended rates by ICAI for 'Audit and other assignments'.

Rates	Metro Cities (per day)	Non-Metro Cities (per day)
Principal	7500.00	5000.00
Qualified Assistant	3750.00	2500.00
Semi-qualified Assistant	1500.00	1000.00
Total	12750.00	8500.00

Note : During the contract period, if ICAI revises the minimum recommended rates, ICAR may consider revising the rates accordingly.

The above rates are inclusive of all overheads but exclusive of Service Tax. No other cost like, travelling cost from one city/state to another, local transport charges, stay, food charges, stationary and other consumables and any other overhead, would be paid separately. TDS would be deducted as per rules/rates.

The rates of Metro Cities are applicable for Internal Audit of those ICAR Units which are located at Kolkata, Delhi, Chennai & Mumbai. In case the firm is located in metro city but the unit allocated to them is located in non-metro cities, rates of non-metro cities would apply.

12. **Facilities to be provided by ICAR Units to the visiting audit teams**

1. Dedicated room with computer/printer facility and furniture for official works.
2. An attendant for bringing records/sending audit memos/tea, etc.
3. Telephone facility (only internal phone – EPABX)
4. Minimum office stationery for smooth conduction of audit work.

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13. **Confidentiality** The information/observation in the Inspection Report will not be shared with any individual/organization/institution, without specific approval of ICAR.
14. **Validity of Contract** Work order will be placed with the shortlisted firms, initially for a specified period on mutual consent basis, subject to review of performance/ quality of Inspection Reports.
15. ICAR reserves the right to revoke/cancel the work order, without assigning any reason in writing. ICAR also reserves the right to change the units allocated to a firm, add or delete the units allocated earlier, at any point of time. However, acceptance of the firm would be sought in cases where any new Units are allotted to them.

Names of Pension Authorization Units of ICAR

1. ICAR Hqrs., New Delhi
2. IARI, New Delhi
3. CAZRI, Jodhpur
4. NBSS&LUP, Nagpur
5. CRIDA, Hyderabad
6. CTRI, Rajamundry
7. CPCRI, Kasargod
8. CIRCOT, Mumbai
9. IIHR, Bangalore
10. CMFRI, Cochin
11. CPRI, Shimla
12. NDRI, Karnal
13. IVRI, Izatnagar
14. CIFRI, Barrackpore
15. NBPGR, New Delhi
16. CIAE, Bhopal
17. CIBA, Chennai
18. IISR, Lucknow
19. CRRI, Cuttack

Inspection Report on the accounts of (Name & Place of Unit) a constituent unit of Indian Council of Agricultural Research, New Delhi

Part-I

(a) Introduction

1. General

Name of the Director	
Name of Head of Administration	
Name of Head of Finance	
Name of the CA firm conducting the Audit	
Name of the Team Leader and Members	
Year(s) covered by Audit	
Dates of Audit	
Year of last Inspection	

2. Mandate of the Unit (in brief):

3. Finance (Plan; Non-Plan and Others)

Year	Grants Received			Expenditure			Revenue Generated
	Plan	Non-Plan	Others	Plan	Non-Plan	Others	

4. Manpower

Year	Sanctioned Strength			Men-in-position		
	S	T	A	S	T	A

(S- Scientific, T-Technical, A-Administrative)

5. Latest position of outstanding paras of previous years' Inspection Reports

Year of Report	Para No.	Title of Para

Part II

Section-A

Major Irregularities

Part II

Section-B

Other Irregularities

Part III

Recommendation/Improvements suggested to the Unit, if any:

Signature of Team Leader

Signature of Partner/Proprietor of CA firm

Annexure V

Format of Bill

Particulars	Amount
Internal Inspection of _____	
Work Order No. & date _____	
Dates of Inspection _____	
No. of days _____ X Rate per day _____	
Names of auditors	
1. Principal _____	
2. Qualified Assistant _____	
3. Semi Qualified Assistant _____	

Note: On the back side of the bill, the firm may get the above details certified from the Finance & Accounts Officer of the concerned ICAR Unit, in the following format:

Certificate

The particulars i.e. Dates of Inspection, No. of days, Name of Auditors, given in the bill No. _____ dated _____ are correct. ICAR may process the bill, as per the rates finalized by them with the firm.

Finance & Accounts Officer

(with seal)