

**INDIAN COUNCIL OF AGRICULTURAL RESEARCH
NATIONAL AGRICULTURAL HIGHER EDUCATION PROJECT
PROJECT IMPLEMENTATION UNIT
ROOM NO. 506 KRISHI ANUSANDHAN BHAWAN-II, PUSA
NEW DELHI-110012**

F. No. Annual Account FY 2019-20

Dated: - 01.05.2020

To,

The Vice Chancellors/Comptrollers

State Agriculture University

Sub:- Submission of "NAHEP Audited Annual Accounts, Audit Opinion, Audited Annual Statement of Expenditure & Audit Utilization Certificate for the financial year 2019-2020" reg:-

Sir,

As per the financial covenants of the Credit agreement with the World Bank, Audited statement of expenditure (SoE) and Audited Annual Accounts, Audit Utilization Certificate (AUC) are required to be prepared and furnished to the World Bank, after the close of each financial year.

In this context, it is to state that the last date for submission of Audited Annual Accounts, Audit Report and Audit Utilization certificate on accrual basis for the **year 2019-2020** has been fixed to be **30th June 2020**. The revised formats for the purpose of preparation of Annual Accounts, Audit Report, Audit Utilization Certificate and Accounting Policies & Notes to Accounts for the NAHEP project are available on the NAHEP website: <https://nahep.icar.gov.in/FinanceDoc.aspx>.

2. While preparing the Annual Accounts and Annual SoE & Audit Utilization Certificate for the Financial year, the following instructions may be adhered to strictly:-
 - I. Only that Transaction/Expenditure will be part of the SoE/Annual Accounts, which are duly approved in the sub-projects sanction order.
 - II. NAHEP Annual Accounts will be prepared on accrual basis (double entry system of accounts).
 - III. NAHEP SoE will be prepared on actual basis (Cash basis).
 - IV. The NAHEP SoE should be in tune with the Receipts and Payment Account.
 - V. The rates of depreciation to be charged on various assets are mentioned in the guidelines enclosed is followed strictly.
 - VI. It may also be ensured that the Cash Book balance as reflected in SoE and Annual accounts is same.

- VII. In case any annexure is not applicable "NIL" information is required to be sent.
- VIII. Grants received for meeting the revenue expenditure are recognized as income in the Income and Expenditure Accounts to the extent of revenue expenditure incurred during the year.
- IX. The payment made during the year for major works may be indicated in Sch-5 Fixed Assets under "work in progress" instead of schedule-7 current Assets. The expenditure should tally with "work in progress" indicated in Receipts & Payments Accounts.
- X. *The nature of 'Other Research Expenditure' and 'Other Miscellaneous Expenditure' indicated in schedule 17 & 18 respectively needs to be disclosed appropriately in Notes to Accounts.*
- XI. In the schedule 23 Notes to Accounts, full disclosure relating to capital contracts remaining to be executed, contingent liabilities i.e. claims against the entity not acknowledged as debts, court cases, disputed liabilities which have not been admitted and being contested, outstanding letter of credit opened and pending disputed demands of statutory dues etc. may be disclosed in Notes to Accounts and appended with the annual Accounts.
- XII. Bank reconciliation statement for the month of March 2020 pertaining to bank accounts related to NAHEP projects operational in the Universities should be enclosed along with the Annual Accounts 2019-2020.
- IX. List of Outstanding advances as on 31.03.2020 paid out of NAHEP funds may be enclosed with the annual accounts. The Outstanding advances should tally with advances shown in schedule -7 of Annual Account.
- X. Annual Accounts, Annual SoE and Audit Utilization Certificate in respect of SAUs should be audited by empanelled CAs firm of NAHEP (list of empanelled CAs Firms is available on the NAHEP website, <https://nahep.icar.gov.in/FinanceDoc.aspx>).
- XI. The closing balance of 2018-19 will be opening balance for 2019-20 in respect of sub-projects.
- XII. Further, as per the World Bank requirements, the NAHEP SoE as well as NAHEP annual accounts submitted by you will be thoroughly checked by the World Bank subsequently to verify the expenditure and audit report observations. On perusal of Audit Reports of all SAUs World Bank will issue an Action Taken Report (ATR). On that basis PIU-NAHEP will circulate ATR to the SAUs for their justification on the Audit observations.
- Therefore, while submitting the SoE as well as annual accounts, this aspect may be kept in view and all checks applied in order to ensure that there are no mistakes and audit is carried out smoothly without any audit observations at a later stage.
- XIII. The utilized expenditure shown in Point 5 of Audit Utilization certificate and *Annexure-V, col. 6* is not including depreciation charged for the year.

3. Certain modifications have been incorporated in the format of Annual Account 2019-20, all the implementing Units are required to comply with the following instructions while preparing Annual Accounts 2019-20 of the respective unit:-

A. Income & Expenditure Account:

- i. **Schedule-9:-** Receipts (net) should be worked out as opening balance+ Grant received - funds already refunded during the year-Unspent balance of grant refundable to Govt.
- ii. **Schedule-9A:-**This schedule is for reconciliation of grants available with SAU and utilized and unspent balance available with the Unit.
- iii. **Schedule-9A-I:** Break up of Plan and Plan Scheme/Projects expenditure may be furnished strictly in this format.
- iv. **Schedule-9B:-** Utilization will be "Nil" as all resources generated under NAHEP have to be refunded to PIU NAHEP. Column D additional amount provided by ICAR Hqrsout of Council's share during 2019-20 will be Nil for all the Implementing Units.
- v. No salaries are to be paid under sub-projects. Therefore no expenditure should be shown in schedule-16 and relevant column of Receipts & Payments Accounts. Salaries of Contractual RA's /SRFs should be shown in Schedule-17 under "Other Research Expenditure".
- vi. Grants are released by PIU-NAHEP to all the Implementing Units directly. Therefore, No Expenditure / Releases should be shown in schedule-19.

B. Balance Sheet:

i. Schedule-1

1. The format may strictly be followed. No separate/ extra lines showing any adjustments whatsoever would be permitted.
2. Revenue Generated by the units are shown in various schedule of Income & Expenditure A/c (Schedule 8, 10, 11, 12, 13 & 14) which is taken to Capital Fund by way of 'surplus'. Further, the unutilized/ unrefunded balance out of this amount is also taken to Liabilities through Schedule-4 which is refundable depiction of the revenue resources. Hence, the difference of total resources generated by the units during the year and the same utilized for revenue expenditure only should be adjusted from Capital Fund to avoid redundancy as explained in Point 2 above.
3. Any adjustment to/from Capital Fund would be allowed only if the details of such adjustments are provided in Schedule 23.

ii. Schedule-4

The unutilized /surplus balance of Internal Resource Generation (i.e Intt earned/ any other income) may be indicated in Sch.4 under the newly created head '**Closing Balance of Internal Resource Generation**' which Should match with Schedule 9B (refer point 15 in the schedule 9B).

iii. Annexure to Schedule-7

The Council is required to furnish the details of advances given out of the Government Grants during the current financial year which remains unsettled as on 31.03.2020 to the Ministry of Finance while submitting the Utilization Certificate. Hence, the Status of Advances given out of Govt. Grant during the 2019-20 and pending as on 31.03.2020 may be indicated in this annexure.

C. Receipt & Payment Account.

R&P is prepared on cash basis and must match with annual IUFR.

D. Reconciliation of Closing Balance as per cash book / IUFR and Closing Balance As per PFMS may be given in following annexure:

S.No.	Closing balance of Grants as per IUFR or Cash Book as on 31.03.2020	Closing balance of Grants as per PFMS as on 31.03.2020	Difference	Remarks/ detailed Reason of differences
1	2	3	4(2-3)	5

Keeping in view the mandate of NAHEP and ensuring that all the targets are met by the stipulated schedule, it is of most importance that all the financial statements are submitted to the World Bank by due dates to claim reimbursement as well to have smooth functioning without inviting any adverse comments. It is hoped that you will appreciate the importance of this work and help the PIU in meeting the targets by submitting NAHEP Audited Annual Accounts & Audited Annual SoE by post along with the **SOFT copy** in respect of your SAUs by the due date of June 30, 2020

In case of any clarification, you may call F&AO/ Consultant Chartered Accountant on 011-25848016 & 9990337666.

Note: 1. Financial Statements not prepared in the prescribed formats or incomplete in any respect will not be accepted and presumed that annual account has not submitted ab-initio.

2. This letter must be present to the auditors during audit.

Yours faithfully,

Finance Team