

To,
The Project Director,
Himachal Pradesh State AIDS Control Society,
Shimla

**RE: MANAGEMENT LETTER OF STATUTORY AUDIT OF THE
HPSACS FOR YEAR ENDING MARCH 31, 2017 - NDBS FUND**

Sir/Madam,

We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, review of internal controls 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The issues which come forth during the audit which raises our suspicion and form our basis for the comments in the audit report though not affecting the true and fair view of the transactions of the society and the depiction in the Statement of Expenditure are detailed below:

1. The overall preparation and maintenance of the accounts of the society was satisfactory expect that the record related to the advances have not been maintained properly and hence it requires a serious effort on part of the management of the society to update and employ proper accounting systems for the advances.
2. The annual verification of the assets are yet to be carried out at the time of audit.
3. Further the procurement system followed by the society is in agreement with the Financial and Management Manual of the NACO. The various components of the program are procuring on their own and by passing the procurement procedures to their convenience.

Place: Chandigarh

Date : 28.07.2017

For Agarwal A. Kumar & Associates
Chartered Accountants



Signature of Auditor (s)

**STATUTORY AUDIT REPORT OF HIMACHAL PRADESH STATE AIDS CONTROL
SOCIETY FOR THE YEAR ENDING MARCH 31, 2017 - NDBS FUND**

To,
The Project Director,
Himachal Pradesh State AIDS Control Society,
Shimla

Introduction

We have audited the accompanying financial statements of Himachal Pradesh State AIDS Control Society under the National AIDS Control Project - Phase IV (financed under World Bank Credit and DFID grant collectively referred to as "New DBS Funds") as of 31st March, 2017. These financial statements comprise of the Balance Sheet as on 31st March, 2017; Statement of Income & Expenditure and Receipt & Payment Account for the period from 1st April, 2016 to 31st March, 2017. The management of Himachal Pradesh state AIDS Control Society is responsible for the preparation of the accompanying financial statements in accordance with applicable law and accounting standards. Our responsibility is to express an opinion on these financial statements audited in accordance with relevant Indian legal and regulatory requirements and auditing standards.

Himachal Pradesh state AIDS Control Society (referred to as "HPSACS" for brevity's sake) management's policy is to prepare the accompanying statements on cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. The same system is adopted in respect of amount of grants / funds spent by the NGO / periphery and other units as well as for accounting of office expenses. Hence, the amount spent by units of society as well as its employees against advance / imprest given to them is accounted for as and when the respective utilization / statement of expenditure are received.

Scope

We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, review of internal controls 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 financial statement presentation.

As part of audit risk assessment we designed audit procedures so as to have a reasonable expectation of detecting misstatement arising from fraud or error which are material to the financial statements as a whole. However, audit procedures that are effective for detecting a misstatement that is unintentional may not be effective for a misstatement that is intentional and is concealed particularly through forgery, collusion or management override of control systems. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statement read with observation, if any, give a true and fair view of Sources and Application of Funds and the financial opinion of Himachal Pradesh State AIDS Control Society for the year ended March 31, 2017 in accordance with consistency applied accounting standards.

In addition, (a) with respect to IFRs, adequate supporting documentations has been maintained to support the IFRs subject to our observations given in the annexure to this report, (b) which expenditures are eligible for financing under the Credit/Grant Agreement, subject to our observations given in the annexure to this report (c) procurement of goods and services has been carried out as per procurement manual issued by NACO, GOI, and NGO/CBO guidelines subject to our observations given in the annexure to this report.

Place: Chandigarh

Date :28.07.2017

For Agarwal A. Kumar & Associates
Chartered Accountants



Signature of Auditor (s)

SCHEDULE - B NOTES FORMING PART OF ACCOUNTS

HIMACHAL PRADESH STATE AIDS CONTROL SOCIETY- NDBS FUND

Following observations were noted during the course of statutory audit of the Himachal Pradesh State AIDS Control Society for the year ending March 31, 2017 - NDBS Fund for the financial year 2016-17.

1 Status of Outstanding

During scrutiny of outstanding ledger we found that some of cases advances are not settled within the required time limit as specified in the guidelines and conditions prescribed in the financial agreement of the World Bank. Total outstanding in NDBS Fund of Rs. 4506995.00 in district authorities, suppliers/contractor, NGOs, staff and others.

Further we noted that advances have been issued but no adjustment was done regarding the same during the year. Details are given below:

Particulars	Amounts
Advance to District Authorities	2464101.00
Advance to Others	804410.00
Advance to Staff	34.00
Advance to NGO	80000.00
Advance to District Authorities-NACP-III	358256.00
Advance to Others-NACP-III	291090.00
Advance to NGO-NACP-III	452604.00
Security deposit	10000.00
Security deposit - NACP-III	46500.00
Total	4506995.00

2 Preparation of Final Account

Final accounts such as Balance Sheet, Income & Expenditure Account & Receipt and Payment Account have been prepared by HPSACS as per format prescribed by National Aids Control Organization (NACO). The consolidated financial statements are prepared incorporating the funds/grants received from various organizations.

3 Maintenance of Accounts & Records

Society maintains its books of accounts on cash basis. This is contrary to the prescribed Accounting Standard 1 recommended by ICAI. Society has maintained following books in accounting software provided by NACO, namely

- 3.1 Petty Cash Book
- 3.2 Cash Book
- 3.3 Journal Book
- 3.4 General Ledger
- 3.5 Budget vs Actual expenditure

4 Utilization of budget as per Annual Action Plan approved by NACO

As explained to us, NACO has authorized Project Director to utilized budget as per approved Annual Action Plan.

Himachal Pradesh SACS - New DBS for NACP IV

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

Balance Sheet For The Period From : 01-Apr-2016 To :31-Mar-2017

Figures for the current period (Rs.)	Schedule Reference	Figures for the previous period (Rs.)	ASSETS	Schedule Reference	Figures for the current period (Rs.)
			LIABILITIES		
			GENERAL FUND		
23,487,499.44	01	26,151,985.00	CURRENT LIABILITIES AND PROVISIONS		
1,068,967.00	0501	478,812.00	CURRENT LIABILITIES		
1,068,967.00	03	1,068,967.00	FIXED ASSET FUND		
418,967.00	0301	418,967.00	Funds from Other Sources		
54,399,516.44		52,455,184.44	CURRENT ASSETS		
			FIXED ASSETS	02	24,755,420.44
			CURRENT ASSETS, LOANS AND ADVANCES	0301	23,192,769.00
			CURRENT ASSETS	0401	4,506,995.00
			LOANS AND ADVANCES		
					52,455,184.44

Accountant
HPSACS

FC/FMFO

Director
HPSACS, Shimla



Auditor

Project Director
HPSACS, Shimla

Himachal Pradesh SACS - NEW DBS FOR NACP IV

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

**Income And Expenditure Account
For The Period From : 01-Apr-2016 To :31-Mar-2017**

	Figures for the current Period (Rs.)	Schedule Reference	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
EXPENDITURE						
100,113.00	9,737,483.00		861,892.00	Other Income	28	1,595,137.00
108,867.00	0.00		30,879,221.00	Grants utilised to the extent of revenue expenditure		38,571,665.00
99,360.00	63,648.00	07				
148,998.00	1,519,741.00	08				
887,686.00	22,811,369.00	13				
13,992,114.00	1,433,361.00	14				
7,240,576.00	4,601,200.00	15				
1,961,457.00	40,166,802.00		31,741,113.00			40,166,802.00
31,741,113.00						



Accountant
HPSACS

Project Director
HPSACS, Shimla

Dy. Controller (F&A)
HPSACS, Shimla

Himachal Pradesh SACS - NEW
Block No. 38, Ground Floor SDA Complex,
National AIDS Control Project - Phase IV

Receipt And Payment Account

For The Period From : 01-Apr-2016 To :31-Mar-2017

RECEIPTS		Figures for the previous Period (Rs.)	Figures for the current Period (Rs.)	Schedule Reference	Figures for the current Period (Rs.)	Schedule Reference	Figures for the current Period (Rs.)
PAYMENTS							
LOANS AND ADVANCES							
GENERAL FUND							
FIXED ASSETS							
Medicines							
Training and Workshops							
Salary (Pay and Allowances)							
Maintenance Costs							
Operational Expenses							
IEC							
Consultants and Consultancy Services							
Surveillance							
Closing Balance:							
Cash in hand							
Balance with Bank							
RECEIPTS							
Opening Balance:							
Cash in hand							
Balance with Bank							
GENERAL FUND							
CURRENT LIABILITIES							
Other Income							
		15,815,687.00	121,102.00		17,951,199.00	17	25,994,072.00
		0.00	27,857,543.00	30	17,951,199.00	13	10,578,699.00
		0.00	68,028,000.00	29	2,730.00	16	1,267,921.00
		148,398.00	2,730.00	32	1,595,137.00	19	0.00
		233,732.00	1,595,137.00	56	97,604,512.00	20	641,862.00
		17,951,199.00	97,604,512.00			25	21,998,369.00
		2,157,737.00				26	1,433,361.00
		2,979,284.00				27	4,055,659.00
		5,850,355.00					8,425,300.00
		108,867.00					0.00
		0.00					16,500.00
		121,102.00					44,585.00
		27,857,543.00					23,148,184.00
		73,223,904.00					97,604,512.00

[Signature]
Dy. Controller (J & A)
HPSACS, Shimla

[Signature]
Accountant
HPSACS

[Signature]
Project Director
HPSA

Himachal Pradesh SACS - NEW DBS FOR NACPIV

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

Utilisation Certificate

Certified that an amount of Rs.68,028,000.00 received as grants-in-aid received Department of AIDS Control (NACO) during the Fin.Year 2016-17 vide letter No. given below and opening Cash/Bank Balance Rs. 27,978,645.00 (and Current Liabilities of Rs.1,545,049.00)and outstanding Advances for Rs. 2,933,372.00 on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. 1,595,137.00. a sum of Rs. 41,434,723.00 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 23,192,769.00 (and Current Liabilities of Rs. 1,547,779.00)and outstanding advances of Rs.4,506,995.00. remaining unutilized at the end of the year will be adjusted towards the grants-in-aid payable during the next year : **Deducted Fund** Rs. 31,403,397.00

Sl. No.	Sanction letter Number and Date	Amount
(1)	T-11/17/2/2016-17 - NACO (Fin.) Dt 27/2/16	1,65,27,000.00
2,	T-11-17/2/2016-17 - NACO (Fin.) 27/2/16	1,65,27,000.00
(3,	T-11-17/2/2016-17 - NACO (Fin.) 27/2/2016	1,65,27,000.00
4,	T-11-17/2/2016-17 - NACO (Fin.) 27/2/2016	1,86,47,000.00
	Total	68,028,000.00

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised

1. Statement of Expenditures
2. Annual Financial Statements

Countersigned

(Chartered Accountant)

Accountant
HPSACS

By: Controller (F&A)
HP State AIDS Control Society

(Project Director)
Project Director
HPSACS, Shimla

To,
The Project Director,
Himachal Pradesh State AIDS Control Society,
Shimla

**RE: MANAGEMENT LETTER OF STATUTORY AUDIT OF THE
HPSACS - ICTC FOR THE YEAR ENDING MARCH 31, 2017**

Sir/Madam,

We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, review of internal controls 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The issues which come forth during the audit which raises our suspicion and form our basis for the comments in the audit report though not affecting the true and fair view of the transactions of the society and the depiction in the Statement of Expenditure are detailed below:

1. The overall preparation and maintenance of the accounts of the society was satisfactory expect that the record related to the advances have not been maintained properly and hence it requires a serious effort on part of the management of the society to update and employ proper accounting systems for the advances.
2. The annual verification of the assets are yet to be carried out at the time of audit.
3. Further the procurement system followed by the society is in agreement with the Financial and Management Manual of the NACO. The various components of the program are procuring on their own and by passing the procurement procedures to their convenience.

Place: Chandigarh

Date : 28.07.2017

For Agarwal A. Kumar & Associates
Chartered Accountants



Signature of Auditor (s)

STATUTORY AUDIT REPORT OF HIMACHAL PRADESH STATE AIDS CONTROL SOCIETY, FOR THE YEAR ENDING MARCH 31, 2017 - ICTC

To,
The Project Director,
Himachal Pradesh State AIDS Control Society,
Shimla

Introduction

We have audited the accompanying financial statements of State AIDS Control Society under the National AIDS Control Project - Phase IV financed under ICTC as of 31st March, 2017. These financial statements comprise of the Balance Sheet as on 31st March, 2017; Statement of Income & Expenditure and Receipt & Payment Account for the period from 1st April, 2016 to 31st March, 2017. The management of Himachal Pradesh State AIDS Control Society is responsible for the preparation of the accompanying financial statements in accordance with applicable law and accounting standards. Our responsibility is to express an opinion on these financial statements audited in accordance with relevant Indian legal and regulatory requirements and auditing standards.

Himachal Pradesh State AIDS Control Society (referred to as "HPSACS" or "the Society" for brevity's sake) management's policy is to prepare the accompanying statements on cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. The same system is adopted in respect of amount of grants / funds spent by the NGO / periphery and other units as well as for accounting of office expenses. Hence, the amount spent by units of society as well as its employees against advance / imprest given to them is accounted for as and when the respective utilization / statement of expenditure are received.

conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, review of internal controls 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 financial statement presentation.

As part of audit risk assessment we designed audit procedures so as to have a reasonable expectation of detecting misstatement arising from fraud or error which are material to the financial statements as a whole. However, audit procedures that are effective for detecting a misstatement that is unintentional may not be effective for a misstatement that is intentional and is concealed particularly through forgery, collusion or management override of control systems. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statement read with observation, if any, give a true and fair view of Sources and Application of Funds and the financial opinion of Himachal Pradesh State AIDS Control Society for the year ended March 31, 2017 in accordance with consistency applied accounting standards.

In addition, (a) with respect to IFRs, adequate supporting documentations has been maintained to support the IFRs subject to our observations given in the annexure to this report, (b) which expenditures are eligible for financing under the Credit/Grant Agreement, subject to our observations given in the annexure to this report (c) procurement of goods and services has been carried out as per procurement manual issued by NACO, GOI, and NGO/CBO guidelines subject to our observations given in the annexure to this report.

Place: Chandigarh

Date : 28.07.2017

**For Agarwal A. Kumar & Associates
Chartered Accountants**



Signature of Auditor (s)

SCHEDULE - B NOTES FORMING PART OF ACCOUNTS

HIMACHAL PRADESH STATE AIDS CONTROL SOCIETY - ICTC

Following observations were noted during the course of statutory audit of the Himachal Pradesh State AIDS Control Society for the year ending March 31, 2017 - ICTC for the financial year 2016-17.

1. Scrutiny of Advances Ledger

During scrutiny of advances ledger we found that some of cases advances are not settled within the required time limit as specified in the guidelines and conditions prescribed in the financial agreement of the World Bank. Total outstanding in ICTC of Rs. 744112.00 in district authorities, staff and Others.

Further we noted that advances have been issued but no adjustment was done regarding the same during the year. The Detail of some cases is given below:

Particulars	Amount(Rs)
Advance to District Authorities	643168.00
Advance to Others	90000.00
Advance to Staff	10944.00
Total	744112.00

2. Checking of Bank Records

While checking of bank transactions we noted that there are following closing balance of bank:

Particulars	Amount(Rs)
Balance as per cash book	59848.32
Add: Cheque issued but not present for payment.	0.00
Less: Cheque deposit but not clear	0.00
Balance as per bank statement	59848.32

Preparation of Final Account

Final accounts such as Balance Sheet, Income & Expenditure Account & Receipt and Payment Account have been prepared by HPSACS as per format prescribed by National Aids Control Organization (NACO). The consolidated financial statements are prepared incorporating the funds/grants received from various organizations.

4 Maintenance of Accounts & Records

Society maintains its books of accounts on cash basis. This is contrary to the prescribed Accounting Standard 1 recommended by ICAI. Society has maintained following books in accounting software provided by NACO, namely

- 4.1 Petty Cash Book
- 4.2 Cash Book
- 4.3 Journal Book
- 4.4 General Ledger
- 4.5 Budget vs Actual expenditure

5 Utilization of budget as per Annual Action Plan approved by NACO

As explained to us, NACO has authorized Project Director to utilized budget as per approved Annual Action Plan.

Himachal Pradesh SACS - ICTC

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

Balance Sheet

For The Period From : 01-Apr-2016 To :31-Mar-2017

	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	ASSETS	Schedule Reference	Figures for the current Period (Rs.)
LIABILITIES						
GENERAL FUND	01	849,266.32	82,376.32	CURRENT ASSETS, LOANS AND ADVANCES	0301	105,154.32
		849,266.32	722,772.00	CURRENT ASSETS	0401	744,112.00
		<u>849,266.32</u>	<u>305,148.32</u>	LOANS AND ADVANCES		<u>849,266.32</u>

Accountant
HPSACS

Auditor



[Signature]
Dy. Controller (F&A)
-HPSACS, Shimla

Project Director
Project Director
HPSACS, Shimla

Himachal Pradesh SACS - ICTC

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

**Income And Expenditure Account
For The Period From : 01-Apr-2016 To :31-Mar-2017**

	EXPENDITURE	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
(b)	Training and Workshops	08	31,340.00	3,593.00	Other Income	28	2,144.00
(c)	Salary (Pay and Allowances)	13	18,849,573.00	20,438,744.98	Grants utilised to the extent of revenue expenditure		23,474,822.00
(d)	Maintenance Costs	14	3,028,188.00				
(e)	Operational Expenses	15	1,567,865.00				
			<u>23,476,966.00</u>	<u>20,442,337.98</u>			<u>23,476,966.00</u>

R
Accountant
HPSACS



[Signature]
Dy. Commissioner
HPSACS, Shimla

[Signature]
Project Director
HPSACS, Shimla

Himachal Pradesh SACS - ICTC

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009.

National AIDS Control Project - Phase IV

Receipt And Payment Account

For The Period From : 01-Apr-2016 To :31-Mar-2017

	RECEIPTS	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	PAYMENTS	Schedule Reference	Figures for the current Period (Rs.)
	Opening Balance:						
30,306.00	Cash in hand		70,306.00	470,000.00	LOANS AND ADVANCES	17	1,054,473.00
50,423.30	Balance with Bank	30	12,070.32	16,890.00	Training and Workshops	20	31,340.00
30,598,160.00	LOANS AND ADVANCES	17	15,114,754.00	18,946,097.00	Salary (Pay and Allowances)	25	18,849,573.00
0.00	GENERAL FUND	29	8,904,186.00	29,000.00	Maintenance Costs	26	2,982,879.00
3,593.00	Other Income	56	2,144.00	1,178,122.98	Operational Expenses	27	1,080,041.00
20,722,486.30			24,103,460.32		Closing Balance:		
				70,306.00	Cash in hand		45,306.00
				12,070.32	Balance with Bank	31	59,818.32
				20,722,486.30			24,103,460.32

Accountant
HPSACS



Dy. Controller
HPSACS, Shimla

Project Director
HPSACS, Shimla

Himachal Pradesh SACS - ICTC

Block No. 38, Ground Floor SDA Complex, Kasumpti - Shimla - 171009

National AIDS Control Project - Phase IV

Utilisation Certificate

Certified that an amount of Rs.0.00 received as grants-in-aid received from Government of AIDS Control (NACO) during the Fin.Year 2016-17 vide letter No. given below opening Cash/Bank Balance Rs. 82,376.32 (and Current Liabilities of Rs.0.00) and outstanding Advances for Rs. 222,772.00 on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. 2,144.00, a sum of Rs. 23,476,966.00 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 105,154.32 (and Current Liabilities of Rs. 0.00) and outstanding advances of Rs. 744,112.00, remaining unutilized at the end of the year will be adjusted towards the grants-in-aid payable during the next year. Received Fund Rs. 24,018,940.00

Sl. No.	Sanction letter Number and Date	Amount
		Total 0.00

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised

1. Statement of Expenditures
2. Annual Financial Statements

Accountant
HPSACS

[Signature]
Dy. Controller (F&A)
HP State AIDS Control Society

[Signature]
Project Director
HPSACS, Shimla

Countersigned

[Signature]
(Chartered Accountant)



Project Director,
Himachal Pradesh State AIDS Control Society,
Shimla

**RE: MANAGEMENT LETTER OF STATUTORY AUDIT
OF THE HPSACS FOR THE YEAR ENDING MARCH 31, 2017 - CST**

Sir/Madam,

We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, review of internal controls 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The issues which come forth during the audit which raises our suspicion and form our basis for the comments in the audit report though not affecting the true and fair view of the transactions of the society and the depiction in the Statement of Expenditure are detailed below:

1. The overall preparation and maintenance of the accounts of the society was satisfactory except that the record related to the advances have not been maintained properly and hence it requires a serious effort on part of the management of the society to update and employ proper accounting systems for the advances.
2. The annual verification of the assets are yet to be carried out at the time of audit.
3. Further the procurement system followed by the society is in agreement with the Financial and Management Manual of the NACO. The various components of the program are procuring on their own and by passing the procurement procedures to their convenience.

Place: Chandigarh
Date : 28.07.2017

For Agarwal A. Kumar & Associates
Chartered Accountants



Signature of Auditor (s)

Handwritten signature in green ink.

STATUTORY AUDIT REPORT OF HIMACHAL PRADESH STATE AIDS CONTROL
SOCIETY FOR THE YEAR ENDING MARCH 31, 2017 - CST

To,
The Project Director,
Himachal Pradesh State AIDS Control Society,
Shimla

Introduction

We have audited the accompanying financial statements of Himachal Pradesh State AIDS Control Society under the National AIDS Control Project - Phase IV financed under CST as of 31st March, 2017. These financial statements comprise of the Balance Sheet as on 31st March, 2017; Statement of Income & Expenditure and Receipt & Payment Account for the period from 1st April, 2016 to 31st March, 2017. The management of Himachal Pradesh State AIDS Control Society is responsible for the preparation of the accompanying financial statements in accordance with applicable law and accounting standards. Our responsibility is to express an opinion on these financial statements audited in accordance with relevant Indian legal and regulatory requirements and auditing standards.

Himachal Pradesh State AIDS Control Society (referred to as "HPSACS" or "the Society" for brevity's sake) management's policy is to prepare the accompanying statements on cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. The same system is adopted in respect of amount of grants / funds spent by the NGO / periphery and other units as well as for accounting of office expenses. Hence, the amount spent by units of society as well as its employees against advance / imprest given to them is accounted for as and when the respective utilization / statement of expenditure are received.

Scope

We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, review of internal controls and disclosures in the financial statements. An audit also includes assessing the accounting principles used and

... risk assessment we designed audit procedures so as to have a reasonable expectation of
... statement arising from fraud or error which are material to the financial statements as a
... However, audit procedures that are effective for detecting a misstatement that is unintentional
... not be effective for a misstatement that is intentional and is concealed particularly through forgery,
... collusion or management override of control systems. In forming our opinion, we also evaluated the
... overall adequacy of the presentation of information in the financial statements.

We planned and performed our audit so as to obtain all the information and explanations which we
considered necessary in order to provide us with sufficient evidence to give reasonable assurance that
the financial statements are free from material misstatement. We believe that our audit provides a
reasonable basis for our opinion.

Opinion

In our opinion, the financial statement read with observation, if any, give a true and fair view of
Sources and Application of Funds and the financial opinion of Himachal Pradesh State AIDS Control
Society for the year ended March 31, 2017 in accordance with consistency applied accounting
standards.

In addition, (a) with respect to IFRs, adequate supporting documentations has been maintained to
support the IFRs subject to our observations given in the annexure to this report, (b) which
expenditures are eligible for financing under the Credit/Grant Agreement, subject to our observations
given in the annexure to this report (c) procurement of goods and services has been carried out as per
procurement manual issued by NACO, GOI, and NGO/CBO guidelines subject to our observations
given in the annexure to this report.

Place: Chandigarh

Date : 28.07.2017

For Agarwal A. Kumar & Associates

Chartered Accountants



Signature of Auditor(s)

SCHEDULE - B NOTES FORMING PART OF ACCOUNTS

HIMACHAL PRADESH STATE AIDS CONTROL SOCIETY-CST

Following observations were noted during the course of statutory audit of the Himachal Pradesh State AIDS Control Society for the year ending March 31, 2017 - CST for the financial year 2016-17.

1 Checking of Advances

During scrutiny of advances ledger we found that some of cases advances are not settled within the required time limit as specified in the guidelines and conditions prescribed in the financial agreement of the World Bank. Total outstanding in CST of Rs. 590796/- in district authorities and Others. Details are given below:

Component	Amount(Rs)	Year of Advance
Advance to District Authorities	66300.00	2016-17
Advance to Others	524496.00	2016-17
Total	590796.00	

2. Checking of Bank Records

While checking of bank transactions we noted that there are following closing balance of bank

Particulars	Amount(Rs)
Bank Balance as per cash book	178173.17
Add : Cheque issued but not present for payment	0.00
Less: Cheque deposited but not cleared	0.00
Total	178173.17
Balance as per bank statement	178173.17

3 Preparation of Final Account

Final accounts such as Balance Sheet, Income & Expenditure Account & Receipts Account have been prepared by HPSACS as per format prescribed by National Organization (NACO). The consolidated financial statements are prepared from funds/grants received from various organizations.

4. Scope of Accounts & Records

maintains its books of accounts on cash basis. This is contrary to the prescribed Accounting Standard 1 recommended by ICAI. Society has maintained following books in accounting software provided by NACO, namely

- 4.1 Petty Cash Book
- 4.2 Cash Book
- 4.3 Journal Book
- 4.4 General Ledger
- 4.5 Budget vs Actual expenditure

5 Utilization of budget as per Annual Action Plan approved by NACO

As explained to us, NACO has authorized Project Director to utilized budget as per approved Annual Action Plan.

[Draft]

Himachal Pradesh SACS - CST

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

Balance Sheet

For The Period From : 01-Apr-2016 To :31-Mar-2017

Figures for the current Period (Rs.)	Schedule Reference	Figures for the current Period (Rs.)	Schedule Reference	Figures for the previous Period (Rs.)	Figures for the current Period (Rs.)	Schedule Reference	Figures for the current Period (Rs.)
LIABILITIES							
867,914.17	01	772,510.17	01	3,794,106.00	ASSETS		
3,794,106.00		3,794,106.00			FIXED ASSETS		
					CURRENT ASSETS, LOANS AND ADVANCES		
				305,054.17	CURRENT ASSETS		
				502,890.00	LOANS AND ADVANCES		
4,602,050.17		4,566,616.17		4,602,050.17	3,794,106.00		
					181,714.17		
					590,796.00		
					4,566,616.17		

Accountant
HPSACS

Auditor



Signature
Dy. Controller
HPSACS, Shimla

Project Director
Project Director
HPSACS, Shimla

Himachal Pradesh SACS - CST

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

Income And Expenditure Account For The Period From : 01-Apr-2016 To :31-Mar-2017

Figures for the previous Period (Rs.)	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
0.00		19,120.00	7,533.00	Other Income	28	0.00
93,569.00		62,120.00	7,433,029.98	Grants utilised to the extent of revenue expenditure		7,419,855.00
6,829,774.00	07	6,868,777.00				
517,219.98	08	469,838.00				
	13					
	15					
7,440,562.98		7,419,855.00	7,440,562.98			7,419,855.00

[Signature]
**Accountant
HPSACS**



[Signature]
**Project Director
HPSACS, Shimla**

Himachal Pradesh SACS - CST

Block No. 38, Ground Floor SDA Complex, Kasumpti., Shimla - 171009

National AIDS Control Project - Phase IV

Receipt And Payment Account For The Period From : 01-Apr-2016 To :31-Mar-2017

Figures for the current Period (Rs.)	RECEIPTS	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	PAYMENTS	Schedule Reference	Figures for the current Period (Rs.)
	Opening Balance:			642,000.00	LOANS AND ADVANCES	17	
13,541.00	Cash in hand		3,541.00	0.00	Training and Workshops	20	
812,755.15	Balance with Bank	30	301,513.17	6,829,774.00	Salary (Pay and Allowances)	25	6,61
7,145,754.00	LOANS AND ADVANCES	17	5,317,210.00	202,754.98	Operational Expenses	27	10
0.00	GENERAL FUND	29	1,817,663.00		Closing Balance:		
7,533.00	Other Income	56	0.00	3,541.00	Cash in hand		17
<u>7,979,583.15</u>			<u>7,439,927.17</u>	<u>301,513.17</u>	Balance with Bank	31	
				<u>7,979,583.15</u>			<u>7,43</u>

Accountant
HPSACS



Dy. Controller
HPSACS, Shimla

Project Director
HPSACS, Shimla

Himachal Pradesh SACS - CST

Block No. 38, Ground Floor SDA Complex, Kasumpti, Sh

National AIDS Control Project - Phase IV

Utilisation Certificate

Certified that an amount of Rs.0.00 received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year 2016-17 vide letter No. given below and opening Cash/Bank Balance Rs. 305,054.17 (and Current Liabilities of Rs.0.00)and outstanding Advances for Rs. 502,890.00 on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. 0.00. a sum of Rs. 7,419,855.00 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 181,714.17 (and Current Liabilities of Rs. 0.00)and outstanding advances of Rs.590,796.00. remaining unutilized at the end of the year will be adjusted towards the grants-in-aid payable during the next year . **Received Fund Rs. 7,384,421.00**

Sl. No.	Sanction letter Number and Date	Amount
		Total 0.00

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised

1. Statement of Expenditures
2. Annual Financial Statements


Dy. Controller (F&A)
HP State AIDS Control Society


Accountant
HPSACS

Countersigned



(Chartered Accountant)


Project Director
HPSACS, Shimla

Project Director,
Himachal Pradesh State AIDS Control Society,
Shimla

**RE: MANAGEMENT LETTER OF STATUTORY AUDIT
OF THE HPSACS FOR THE YEAR ENDING MARCH 31, 2017
II - POOL FUND**

Sir/Madam,

We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, review of internal controls 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The issues which come forth during the audit which raises our suspicion and form our basis for the comments in the audit report though not affecting the true and fair view of the transactions of the society and the depiction in the Statement of Expenditure are detailed below:

1. The overall preparation and maintenance of the accounts of the society was satisfactory except that the record related to the advances have not been maintained properly and hence it requires a serious effort on part of the management of the society to update and employ proper accounting systems for the advances.
2. The annual verification of the assets are yet to be carried out at the time of audit.
3. Further the procurement system followed by the society is in agreement with the Financial and Management Manual of the NACO. The various components of the program are procuring on their own and by passing the procurement procedures to their convenience.

Place: Chandigarh
Date : 28.07.2017

For Agarwal A. Kumar & Associates
Chartered Accountants



Signature of Auditor (s)

STATUTORY AUDIT REPORT OF HIMACHAL PRADESH STATE AIDS CONTROL SOCIETY FOR THE YEAR ENDING MARCH 31, 2017 - TI-POOL FUND

To,
The Project Director,
Himachal Pradesh State AIDS Control Society,
Shimla

Introduction

We have audited the accompanying financial statements of Himachal Pradesh State AIDS Control Society under the National AIDS Control Project - Phase IV financed under TI Fund Rolling Continuation Channel Round IV for brevity's sake referred to as "TI FUND") as of 31st March, 2017. These financial statements comprise of the Balance Sheet as on 31st March, 2017; Statement of Income & Expenditure and Receipt & Payment Account for the period from 1st April, 2016 to 31st March, 2017. The management of Himachal Pradesh State AIDS Control Society is responsible for the preparation of the accompanying financial statements in accordance with applicable law and accounting standards. Our responsibility is to express an opinion on these financial statements audited in accordance with relevant Indian legal and regulatory requirements and auditing standards.

Himachal Pradesh State AIDS Control Society (referred to as "HPSACS" or "the Society" for brevity's sake) management's policy is to prepare the accompanying statements on cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. The same system is adopted in respect of amount of grants / funds spent by the NGO / periphery and other units as well as for accounting of office expenses. Hence, the amount spent by units of society as well as its employees against advance / imprest given to them is accounted for as and when the respective utilization / statement of expenditure are received.

Conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, review of internal controls 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 financial statement presentation.

As part of audit risk assessment we designed audit procedures so as to have a reasonable expectation of detecting misstatement arising from fraud or error which are material to the financial statements as a whole. However, audit procedures that are effective for detecting a misstatement that is unintentional may not be effective for a misstatement that is intentional and is concealed particularly through forgery, collusion or management override of control systems. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statement read with observation, if any, give a true and fair view of Sources and Application of Funds and the financial opinion of Himachal Pradesh State AIDS Control Society for the year ended March 31, 2017 in accordance with consistency applied accounting standards.

In addition, (a) with respect to IFRs, adequate supporting documentations has been maintained to support the IFRs subject to our observations given in the annexure to this report, (b) which expenditures are eligible for financing under the Credit/Grant Agreement, subject to our observations given in the annexure to this report (c) procurement of goods and services has been carried out as per procurement manual issued by NACO, GOI, and NGO/CBO guidelines subject to our observations given in the annexure to this report.

Place: Chandigarh

Date : 28.07.2017

For Agarwal A. Kumar & Associates

Chartered Accountants



Signature of Auditor (s)

... observations were noted during the course of statutory audit of the Himachal Pradesh State Aids Control Society for the year ending March 31, 2017 - TI - Pool Fund for the financial year 2016 -17.

1 Status of Outstanding

During scrutiny of outstanding ledger we found that only one NGO is outstanding balance of Rs. 124909/- pending for settlement. Others all the advances are settled within the required time limit as specified in the guidelines and conditions prescribed in the financial agreement of the World Bank.

2 Preparation of Final Account

Final accounts such as Balance Sheet, Income & Expenditure Account & Receipt and Payment Account have been prepared by HPSACS as per format prescribed by National Aids Control Organization (NACO). The consolidated financial statements are prepared incorporating the funds/grants received from various organizations.

3 Maintenance of Accounts & Records

Society maintains its books of accounts on cash basis. This is contrary to the prescribed Accounting Standard 1 recommended by ICAI. Society has maintained following books in accounting software provided by NACO, namely

- 3.1 Petty Cash Book
- 3.2 Cash Book
- 3.3 Journal Book
- 3.4 General Ledger
- 3.5 Budget vs Actual expenditure

4 Utilization of budget as per Annual Action Plan approved by NACO

As explained to us, NACO has authorized Project Director to utilized budget as per approved Annual Action Plan.

Particulars	Amount(Rs)
Balance as per cash book	5116166.68
Add: Cheque issued but not present for payment.	0.00
Less: Cheque deposited but not cleared.	0.00
Balance as per bank statement	5116166.68

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Printed : S)

[Draft]

o/c

Himachal Pradesh SACS - TI POOL FUND

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

Balance Sheet For The Period From : 01-Apr-2016 To :31-Mar-2017

Figures for the the Period (Rs.)	LIABILITIES	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	ASSETS	Schedule Reference	Figures for the current Period (Rs.)
186,824.00	GENERAL FUND	01	5,241,075.68	186,824.00	CURRENT ASSETS, LOANS AND ADVANCES	0301	5,316,166.68
186,824.00			5,241,075.68	186,824.00	CURRENT ASSETS	0401	124,909.00
					LOANS AND ADVANCES		5,241,075.68

Accountant
HPSACS

[Signature]
Dy. Controller (F&A)
HPSACS, Shimla

FC/FM/FO



Auditor

Project Director
Project Director
HPSACS, Shimla

Himachal Pradesh SACS - TI Pool Fund

Block No. 38, Ground Floor SDA Complex, Kasimpiti, Shimla - 171009

National AIDS Control Project - Phase IV

(Draft)

**Income And Expenditure Account
For The Period From : 01-Apr-2016 To :31-Mar-2017**

Figures for the previous Period (Rs.)	Figures for the current Period (Rs.)	Schedule Reference	INCOME	Schedule Reference	Figures for the current Period (Rs.)
0.00	2,448.00	06	Other Income	28	309,189.68
0.00	38,705.00	07	Grants utilised to the extent of revenue expenditure		24,350,748.32
377,466.00	1,233,970.00	08			
11,773,461.00	18,402,133.00	13			
5,314,302.00	4,982,722.00	15			
55,954.00	92,025.00	NULL			
17,485,229.00	24,659,938.00				24,659,938.00

Accountant
HPSACS



[Signature]
Dy. Controller
HPSACS, Shimla

[Signature]
Project Director
HPSACS, Shimla

Himachal Pradesh SACS - TI Pool Fund
 Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009
 National AIDS Control Project - Phase IV
Income And Expenditure Account
For The Period From : 01-Apr-2016 To :31-Mar-2017

Particulars	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
EXPENDITURE						
06	06	2,448.00	15,428.00	Other Income	28	309,189.68
07	07	38,795.00	17,469,801.00	Grants utilised to the extent of revenue expenditure		24,350,748.32
08	08	1,233,930.00				
13	13	18,402,133.00				
15	15	4,982,722.00				
Operational Expenses	NULL	92,025.00				
Total		24,659,938.00	17,485,229.00			24,659,938.00

Project Director
HPSACS, Shimla

(Signature)
 Dy. Controller
HPSACS, Shimla

Accountant
HPSACS



Himachal Pradesh SACS - TI Pool Fund

Block No. 38, Ground Floor SDA Complex, Kasumpti, Shimla - 171009

National AIDS Control Project - Phase IV

Receipt And Payment Account

For The Period From : 01-Apr-2016 To : 31-Mar-2017

Figures for the previous Period (Rs.)	Figures for the current Period (Rs.)	Schedule Reference	Figures for the previous Period (Rs.)	PAYMENTS	Schedule Reference	Figures for the current Period (Rs.)
			10,532,223.00	LOANS AND ADVANCES	17	23,507,961.00
			0.00	CURRENT LIABILITIES	32	523.00
		30	66,203.00	Training and Workshops	20	381,980.00
		17	3,385,839.00	Salary (Pay and Allowances)	24	588,409.00
		29	2,970,087.00	Operational Expenses	27	245,974.00
		56	29,894.00		NULL	0.00
			186,824.00	Closing Balance:		5,116,166.68
			0.00	Balance with Bank	31	29,901,013.68
			29,405,000.00			
			309,189.68			
			29,901,013.68			
17,991.00			186,824.00			
16,990,400.00			0.00			
0.00			29,405,000.00			
13,785.00			309,189.68			
17,141,176.00			29,901,013.68			
			186,824.00			
			17,141,176.00			

Accountant
HPSACS



[Signature]
Dy. Controller
HPSACS, Shimla

Project Director
HPSACS, Shimla

Utilisation Certificate

Certified that an amount of Rs. 24,659,938.00 received as grants-in-aid received from the Department of AIDS Control (NACS) during the Financial Year 2016-17 vide letter No. given below and opening Cash/Bank Balance of Rs. 0.00 and Current Liabilities of Rs.0.00 and outstanding Advances for Rs. 0.00 as against of opening balance brought forward from the previous financial year and Bank Interest and Miscellaneous Receipts of Rs. 309,189.68, a sum of Rs. 24,659,938.00 has been utilized for the purpose for which it was sanctioned and the Cash/Bank Balance of Rs. 0.00 and Current Liabilities of Rs. 0.00 and outstanding advances of Rs. 0.00 remaining unutilized at the end of the year will be adjusted towards the grants-in-aid during the next year.

Sl. No.	Sanction letter Number and Date	Amount
1	T-11-17/02/2016-12-NALC (Fk) 27 ⁵ / ₂₀₁₆	73,51,000/-
2	T-11-17/02/2016-12-NALC (Fk) 27 ⁶ / ₂₀₁₆	73,51,000/-
3	T-11-17/02/2016-12-NALC (Fk) 27 ⁷ / ₂₀₁₆	73,51,000/-
4	T-11-17/02/2016-12-NALC (Fk) 27 ⁸ / ₂₀₁₆	73,52,000/-
	Total	29,405,000.00

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

- Kinds of checks exercised**
1. Statement of Expenditures
 2. Annual Financial Statements

Countersigned



(Chartered Accountant)

[Signature]
Dy. Controller (F&A)
HPSACS, Shimla

[Signature]
DHS - Joint Director
HP State AIDS Control Society, Shimla