

File NO.M.13013/04/09-NACO (Fin)
Ministry of Health & Family Welfare
Department of AIDS Control
(Finance Wing)

6thFloor, Chandralok Building,
36, Janpath, New Delhi-110001.
26th August, 2009

Subject: Maintenance of Asset Register and annual verification of Assets.

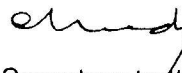
National AIDS Control Organization (NACO) under Ministry of Health and Family Welfare have engaged Chartered Accountants (empanelled by the Comptroller and Auditor General of India) for conducting Internal Audit of the State AIDS Control Societies , which forms part of the agreement between Government of India and the Donor Agencies.

2. One of the cardinal objectives of the Internal audit is to see that funds received and expenditure incurred for the accounting period are in accordance with the laid down financial rules, procurement procedures and other related orders issued from time to time and that proper accounts are maintained at all levels. However, the Audit Reports being submitted by the **Internal Auditors** does not show very satisfactory maintenance of accounts. One of our main concerns is regarding maintenance of assets accounts **as reported by many of the internal auditors in their reports**

3. In an organization like SACS fixed assets represent one of the largest items in the balance sheet. It becomes, therefore, imperative that the organizations have well controlled processes for recording, managing and retiring fixed assets. In this connection, PD's attention is drawn to chapter 12 of the Operational Guidelines for Financial Management issued by NACO. It is arg you follow the procedures enunciated in the Operational Guidelines. Annual verification of Fixed Assets must be carried out by a team of designated officers by the PD and necessary entry made in the registers. This should be made available to the audit for verification. Any discrepancies noticed shall be enquired into and a statement prepared. A comparative statement indicating fixed assets, as per record of assets based on the physical verification conducted, may be prepared and kept as annexure to the audited statement of accounts. This may be completed on a priority basis.

4. This issues with the approval of Secy. & DG NACO.

Yours faithfully,



Under Secretary to the Govt. of India.

To,
Project Directors of all States/UTs