



कार्यालय महानिदेशक लेखा परीक्षा (केन्द्रीय व्यय)
Office of the Director General of Audit (Central Expenditure)
इन्द्रप्रस्थ इस्टेट, नई दिल्ली-110 002
Indraprastha Estate, New Delhi -110 002

सत्यमेव जयते

ए.एम.जी-II/ आई.आर./GFATM रा.ए.नि.का. /2010-11/886

दिनांक: 31.01.2011

सेवा में,

निदेशक (वित्त)

स्वास्थ्य एवं परिवार कल्याण मंत्रालय,

विश्व बैंक एवं GFATM सहायतार्थ राष्ट्रीय एड्स नियंत्रण कार्यक्रम,

छठा तल, चन्द्रलोक बिल्डींग,

36 जनपथ, नई दिल्ली

विषय: 2009-10 अवधि के लिए विश्व बैंक एवं GFATM सहायतार्थ राष्ट्रीय एड्स नियंत्रण कार्यक्रम, के लेखे लेखापरीक्षा/निरीक्षण प्रतिवेदन।

महोदय,

उपयुक्त उल्लिखित लेखापरीक्षा/निरीक्षण प्रतिवेदन एतद्द्वारा आवश्यक कार्यवाही हेतु इस अनुरोध के साथ भेजी जाती है कि इस संदर्भ में आपका उत्तर निरीक्षण प्रतिवेदन की प्राप्ति के एक माह के भीतर भेजा जाए।

प्रतिवेदन में भाग II (क) के पैराग्राफ सं.(शून्य) तथा भाग-II (ख) के पैराग्राफ सं. (1 से 4) (विश्व बैंक सहायतार्थ राष्ट्रीय एड्स नियंत्रण कार्यक्रम) तथा भाग-II (ख) के पैराग्राफ सं. (1 से 4) GFATM सहायतार्थ राष्ट्रीय एड्स नियंत्रण कार्यक्रम में इंगित की गई अनियमितताओं की ओर आपका ध्यान विशेष रूप से आकृष्ट किया जाता है।

अनुलग्नक: निरीक्षण प्रतिवेदन एवं लेखापरीक्षा प्रमाण पत्र

भवदीय,

रम. र. पंडा
निदेशक (ए.एम.जी-II)

ए.एम.जी-II/ आई.आर./GFATM रा.ए.नि.का. /2010-11/886-A

दिनांक: 31.01.2011

1. इस प्रतिवेदन की प्रति सचिव, स्वास्थ्य एवं परिवार कल्याण मंत्रालय, निर्माण भवन, नई दिल्ली को सूचना तथा आवश्यक कार्यवाही हेतु अग्रेषित की जाती है।

अनुलग्नक: निरीक्षण प्रतिवेदन एवं लेखापरीक्षा प्रमाण पत्र

रम. र. पंडा
निदेशक (ए.एम.जी-II)

**Office of the Director General of Audit
Central Expenditure, I.P. Estate
New Delhi-110002**

Inspection Report of the accounts of World Bank Assisted Project of National AIDS Control Programme (NACP-III) (Credit No. 4299 IN) implemented through National AIDS Control Organization (NACO) for the year 2009-10.

PART – I-A

INTRODUCTORY

(i) General

The audit of the accounts of World Bank assisted (Credit No. 4299 IN) National AIDS Control Programme (NACP-III) implemented through National AIDS Control Organization (NACO), Chandra Building, 36, Janpath, New Delhi for the period 2009-10 was conducted from 13.1.10 to 27.01.2010 (10 working days) by an audit party comprising Shri Rishi Sagar, Shri Shiv Prakash, Audit Officers, Smt. Madhumathi Raj, Smt. Sindhu Bansal, Assistant Audit Officers and Shri Mahavir Singh, Shri Sipahi Mahto, Sr. Auditors of the Office of the Director General of Audit, Central Expenditure, New Delhi - 110002. The last audit for the year 2008-09 was conducted during 18.12.2009 to 25.1.2010 (25 working days)

(ii) General Set up and activities

AIDS (Acquired Immune Deficiency Syndrome) is a severe life threatening condition, which represents the late clinical stage of infection with the Human Immunodeficiency Retro Virus (HIV). HIV invades the body's defence system exposing the infected person over passage of time to a range of lung diseases, cancers, fungal infections, rashes, sores and other debilitating conditions leading towards death. National AIDS Control Organization (NACO) is functioning through 38 States/ Municipal Corporation AIDS Control Societies in all over India. The key objectives of NACP are (a) to reduce the spread of HIV infection in India and (b) to strengthen capacity to respond to HIV/AIDS on a long-term basis.

In 1992, the Government of India secured an IDA credit of US \$ 84 million from the World Bank to support a full fledged National AIDS Control Project (NACP-I) for a period of five years started from September 1992 to September 1997. An assistance of US \$ 1.5 million was also obtained in the form of Technical Assistance from the World Health Organization (WHO). Due to the slow pace of utilization of funds in the first two years, the project was extended up to March 1999. The NACP-II was launched in 1999 and a second IDA credit of US \$ 191 million was received to encourage and enable the States themselves to take the responsibility of responding to the epidemic on a long-term basis and reducing the spread of HIV infection. This

project was expected to be completed by July 2004 but it was extended up to March 2006. NACP-III had been launched in 2007-08 with a total IDA credit of US \$ 250 million for 2007-2012.

(iii) The following Officers/officials have held the charge of the respective posts indicated below:

Head of the Department	Ms .K. Sujatha Rao, AS &DG	1/4/09 to 19/10/2010
	Sh. K. Chandramouli	20/10/2010 to 31/03/2010
Head of the Office	Subhash Chandra, Under Secretary	1/4/09 to 31/03/2010
Director (Finance)	Sh. Kanwaldeep Singh	1/4/09 to 31/03/2010

(iv) **Internal Audit**

The internal audit of NACO had not been conducted since its inception.

Current Audit

World Bank Assisted Credit no IDA- 4299-IN

Part II A

Nil

Part II B

Para 1 Ineligible expenditure of ₹ 10.37 crore of payments made to Hindustan Life Care Ltd. and Ministry of Railways

The World Bank vide letter dated 26.12.2007 had clarified that the payments made to Government-owned enterprises out of the reimbursement claims under the World Bank assisted Project are eligible if the enterprises can establish that they are (i) legally and financially autonomous (ii) operate under commercial law and (iii) are not dependent agencies of the borrower or the sub-borrower.

Test check of records revealed that an amount of ₹ 10.37 crore has been paid to non eligible agencies. The NACO paid ₹ 10.08 crore to M/s Hindustan Life Care Ltd., i.e. government agency and ₹ 0.29 crore to Ministry of Railways as per details given below:

(Amount in ₹)

Sl. No.	Name of the Agency	Sanction No.	Date	Amount
1	Hindustan Life Care Ltd.	P-11015/14/2009-NACO(Proc)	7.09.09	39134859
2		P-11015/08/2008-NACO(Proc)	16.09.09	1660742
3		P-11015/15/2009-NACO(Proc)	1.2.10	5268060
4		P-11015/15/2009-NACO(Proc)	23.3.10	12327254
5		P-11015/8/2008-NACO(Proc)	17.12.09	36586055
6		S-12015/07/2006-NACO (BS) Vol I	19.5.09	1440000
7		S-12015/07/2006-NACO(BS)	19.11.09	2880000
8		S-12015/07/2009-NACO(BS)	15.10.09	1440000
9		Ministry of Railways	M-18011/1/2008-NACO (F)	18.01.10
Total				103685026

Hence, payment of ₹ 10.37 crore was in contravention of the World Bank's clarification and was inadmissible.

Para 2 Unadjusted amount of ₹ 66.29 crore out of Advances made for procurement

M/S UNOPS was the procurement agency for supply of equipment and drugs under the National Aids Control Programme III for the year 2009-10. For the purpose, the whole amount of the contract value of order was allowed in advance to the UNOPS, which was to be adjusted against the submission of bills supported by consignee receipts, test and installation reports etc.

Examination of records relating to procurement revealed that the NACO had included the cost of procurement of equipment and drugs in the SOE based on the statement of the procurement agency that the supply had been completed. An amount of ₹ 78.23 crore was shown as expenditure on account of procurement of pharmaceuticals and Medical supplies in the SOE. However, the final adjustment of ₹ 66.29 crore had not been sent to the PAO as the procurement agent had not submitted the invoices supported by the documents therefore the NACO had not passed the final bills. The details of unadjusted amount of ₹ 66.29 crore are as under:

Sl. No.	Procurement items from UNOPS	Sanction No	Date	Amount
1.	Procurement of tests kits (HIV ELISA Kits)	P-11015/16/2009-NACO (Proc)	10.09.09	31187980
2.	Procurement of HIV Rapid test kits	P-11015/04/2009-NACO (Proc)	25.09.09	18928560
3.	Test of HBB (Rapid) test Kits	P-11015/19/2009-NACO (Proc)	11.02.10	10535808
4.	Tests of HCV (ELISA) test kits and HIV (Rapid) test kits	P-11015/18/2009-NACO (Proc)	24.02.10	28999001
6.	STI/RTI drugs kits	P-11012/11/2008-NACO (Proc)	23.06.09	8908905
7.	STI/RTI drugs kits for Sh. I to VI	P-11015/12/2009-NACO (Proc)	11.02.10	65216007
8.	STI/RTI drugs kits – III	P-11015/20/2009-NACO (Proc)	19.02.10	13411670
9.	HIV (Rapid) test kits	P-11015/15/2009-NACO (Proc)	19.10.09	286136206
10.	Model blood bank equipments under ICB	P-11015/01/2010-NACO (Proc)	26.03.10	199595271
			Total	662919408

Thus, the amount of ₹ 66.29 crore given as advance could not be certified in audit hence the same was inadmissible for reimbursement from the World Bank. Necessary steps may be taken to adjust these advances under intimation to audit.

Para 3 Double claim of ₹ 11.80 lakh

Test check of records revealed that the payment of ₹ 9,04,460 made to M/s Roy Ghosh & Associates for conducting internal audit of three SACS and ₹ 2,75,750 made to M/s SCJ Associates towards the fee for conducting internal audit of MPSACs were debited twice in the Statement of Expenditure. Thus the SOE was overstated by ₹ 11,80,210.

Para 4 Ineligible expenditure of ₹ 4.84 crore on account of payment of taxes

Examination of vouchers of the Pool fund revealed that the expenditure sanctioned was debited inclusive of service tax and VAT by the NACO. As the amount of taxes (service tax/VAT) is not admissible, the Statement of Expenditure has been overstated by an amount of ₹ 4.84 crore. The details of the payments of Service Tax and VAT are as mentioned below:

(Amount in ₹)

Sl. No.	Sanction No.	Date of sanction	Total amount claimed	Amount of service tax
1	X-19014/58/2007-NACO TI	4.9.2009	2042687	218158
2	X-19020/01/2010/-NACO EC	12.1.2010	12852	409
3	T-11020/1/2008-NACO(BSD)	27.5.2009	838964	86359
4	P-11015/19/2009/NACO (Proc)	26.2.2010	456959870	47798104
5	G-25011/03/2009 NACO (F)	18.2.2010	795235	91258
6	G-25011/03/2009 NACO (F)	-do-	242936	22686
7	G-25011/03/2009 NACO (F)	-do-	66180	6000
8	G-25011/03/2009 NACO (F)	-do-	63201	5901
9	G-25011/03/2009 NACO (F)	-do-	254439	23760
10	G-25011/03/2009 NACO (F)	-do-	84186	7861
11	G-25011/03/2009 NACO (F)	22.1.2010	542676	50676
12	G-25011/03/2009 NACO (F)	29.12.2009	79416	7461
13	G-25011/03/2009 NACO (F)	9.3.2010	47429	4429
14	G-25011/03/2009 NACO (F)	22.10.2009	180892	16892
15	G-25011/03/2009 NACO (F)	22.10.2009	66081	6171
16	G-25011/03/2009 NACO (F)	3.10.2009	254439	23760
17	A-11014/16/2008 NACO	22.03.201	92700	10300

		0		
Total				48380185

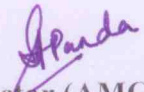
Thus, The payment of ₹ 4 .84 crore made on account of service tax and VAT was inadmissible.

General

The Statements of Expenditure for the amount of ₹ 14001.91 lakh under the World Bank Credit No. 4229-IN was submitted by the NACO.

The general conditions of the accounts of the National AIDS Control Organisation, 36 Chanderlok Building Janpath, New Delhi for the period 2009-10 was found to be satisfactory subject to the observations contained in Inspection Report.

The Inspection Report has been prepared on the basis of information furnished and made available by the auditee. Office of the Director General of Audit, Central Expenditure, New Delhi-110002, disclaims any responsibility for any misinformation and/or non-information on the part of the auditee.


Director (AMG-II)

Audit Certificate

Report of the Comptroller and Auditor General of India

To

Sh. Kanwaldeep Singh
Director (Finance)
National AIDS Control Organisation
36-Janpath, New Delhi-110001.

Report on the Project Financial Statements

We have audited the accompanying financial statements of World Bank Assisted National AIDS Control Programme Phase III, vide Agreement No. 1DA-4299-IN. These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of the National AIDS Control Programme Phase-III from 1st April 2009 to 31st March 2010 in accordance with Government of India accounting standards.

In addition, in our opinion, (a) with respect of SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expend incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditure are eligible for financing under the World Bank Agreement No.IDA-4299-IN. During the course of audit, SOEs/Claims of Expenditure amounting to ₹ 14001.91 lakh and the connected documents were examined and these can be relied upon to support reimbursement under the Loan except ₹ 8161.76 lakh which was found inadmissible for reimbursement.

This report is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before the Parliament/State or UT Legislature.



Director (AMG-II)

Office of the Director General of Audit, Central Expenditure, New Delhi.

Date: 27.1.2011¹

¹ This is the final date of field work.

No. G. 20016/31/2010-NACO (FIN)
Government of India
Ministry of Health & Family Welfare
(Department of AIDS Control)

By Messenger

6th Floor, Chandralok Building
36, Janpath, New Delhi - 110001
Dated 31.01.2011

**Subject: Forwarding of Statutory Audit Reports 2009-10 of
Central Level Expenditure at NACO**

Dear Mariam,

In continuation of this office letter of even no. dated 27th Sept. 2010 and 15th Dec. 2010, I am forwarding herewith copies of Audit Reports for 2009-10 in respect of central level expenditure at NACO.

The soft copy of the same is being sent separately by Email.

Yours faithfully,


(Benoy Choudhury)

Under Secretary to the Govt. of India

To

Ms. Mariam Cleason
Task Team Leader
The World Bank
New Delhi Office
70 Lodi Estate
New Delhi - 110003



सत्यमेव जयते

कार्यालय महानिदेशक लेखा परीक्षा (केन्द्रीय व्यय)
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Indraprastha Estate, New Delhi -110 002

ए.एम.जी-III/ आई.आर./GFATM रा.ए.नि.का. /2010-11/886

दिनांक: 31.01.2011

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विषय: 2009-10 अवधि के लिए विश्व बैंक एवं GFATM सहायतार्थ राष्ट्रीय एड्स नियंत्रण कार्यक्रम, के लेखे लेखापरीक्षा/निरीक्षण प्रतिवेदन।

महोदय,

उपयुक्त उल्लिखित लेखापरीक्षा/निरीक्षण प्रतिवेदन एतद्वारा आवश्यक कार्यवाही हेतु इस अनुरोध के साथ भेजी जाती है कि इस संदर्भ में आपका उत्तर निरीक्षण प्रतिवेदन की प्राप्ति के एक माह के भीतर भेजा जाए।

प्रतिवेदन में भाग II (क) के पैराग्राफ सं.(शून्य) तथा भाग-II (ख) के पैराग्राफ सं. (1 से 4) (विश्व बैंक सहायतार्थ राष्ट्रीय एड्स नियंत्रण कार्यक्रम) तथा भाग-II (ख) के पैराग्राफ सं. (1 से 4) GFATM सहायतार्थ राष्ट्रीय एड्स नियंत्रण कार्यक्रम में इंगित की गई अनियमितताओं की ओर आपका ध्यान विशेष रूप से आकृष्ट किया जाता है।

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भवदीय,

रस. र. पंडा
निदेशक (ए.एम.जी-II)

ए.एम.जी-III/ आई.आर./GFATM रा.ए.नि.का. /2010-11/886-A

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अनुलग्नक: निरीक्षण प्रतिवेदन एवं लेखापरीक्षा प्रमाण पत्र

रस. र. पंडा
निदेशक (ए.एम.जी-II)

**Office of the Director General of Audit
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PART – I-A

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Current Audit

World Bank Assisted Credit no IDA- 4299-IN

Part II A

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Part II B

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Para 2 Unadjusted amount of ₹ 66.29 crore out of Advances made for procurement

M/S UNOPS was the procurement agency for supply of equipment and drugs under the National Aids Control Programme III for the year 2009-10. For the purpose, the whole amount of the contract value of order was allowed in advance to the UNOPS, which was to be adjusted against the submission of bills supported by consignee receipts, test and installation reports etc.

Examination of records relating to procurement revealed that the NACO had included the cost of procurement of equipment and drugs in the SOE based on the statement of the procurement agency that the supply had been completed. An amount of ₹ 78.23 crore was shown as expenditure on account of procurement of pharmaceuticals and Medical supplies in the SOE. However, the final adjustment of ₹ 66.29 crore had not been sent to the PAO as the procurement agent had not submitted the invoices supported by the documents therefore the NACO had not passed the final bills. The details of unadjusted amount of ₹ 66.29 crore are as under:

Sl. No.	Procurement items from UNOPS	Sanction No	Date	Amount
1.	Procurement of tests kits (HIV ELISA Kits)	P-11015/16/2009-NACO (Proc)	10.09.09	31187980
2.	Procurement of HIV Rapid test kits	P-11015/04/2009-NACO (Proc)	25.09.09	18928560
3.	Test of HBB (Rapid) test Kits	P-11015/19/2009-NACO (Proc)	11.02.10	10535808
4.	Tests of HCV (ELISA) test kits and HIV (Rapid) test kits	P-11015/18/2009-NACO (Proc)	24.02.10	28999001
6.	STI/RTI drugs kits	P-11012/11/2008-NACO (Proc)	23.06.09	8908905
7.	STI/RTI drugs kits for Sh. I to VI	P-11015/12/2009-NACO (Proc)	11.02.10	65216007
8.	STI/RTI drugs kits III	P-11015/20/2009-NACO (Proc)	19.02.10	13411670
9.	HIV (Rapid) test kits	P-11015/15/2009-NACO (Proc)	19.10.09	286136206
10.	Model blood bank equipments under ICB	P-11015/01/2010-NACO (Proc)	26.03.10	199595271
			Total	662919408

Thus, the amount of ₹ 66.29 crore given as advance could not be certified in audit hence the same was inadmissible for reimbursement from the World Bank. Necessary steps may be taken to adjust these advances under intimation to audit.

Para 3 Double claim of ₹ 11.80 lakh

Test check of records revealed that the payment of ₹ 9,04,460 made to M/s Roy Ghosh & Associates for conducting internal audit of three SACS and ₹ 2,75,750 made to M/s SCJ Associates towards the fee for conducting internal audit of MPSACs were debited twice in the Statement of Expenditure. Thus the SOE was overstated by ₹ 11,80,210.

Para 4 Ineligible expenditure of ₹ 4.84 crore on account of payment of taxes

Examination of vouchers of the Pool fund revealed that the expenditure sanctioned was debited inclusive of service tax and VAT by the NACO. As the amount of taxes (service tax/VAT) is not admissible, the Statement of Expenditure has been overstated by an amount of ₹ 4.84 crore. The details of the payments of Service Tax and VAT are as mentioned below:

(Amount in ₹)

Sl. No.	Sanction No.	Date of sanction	Total amount claimed	Amount of service tax
1	X-19014/58/2007-NACO TI	4.9.2009	2042687	218158
2	X-19020/01/2010/-NACO EC	12.1.2010	12852	409
3	T-11020/1/2008-NACO(BSD)	27.5.2009	838964	86359
4	P-11015/19/2009/NACO (Proc)	26.2.2010	456959870	47798104
5	G-25011/03/2009 NACO (F)	18.2.2010	795235	91258
6	G-25011/03/2009 NACO (F)	-do-	242936	22686
7	G-25011/03/2009 NACO (F)	-do-	66180	6000
8	G-25011/03/2009 NACO (F)	-do-	63201	5901
9	G-25011/03/2009 NACO (F)	-do-	254439	23760
10	G-25011/03/2009 NACO (F)	-do-	84186	7861
11	G-25011/03/2009 NACO (F)	22.1.2010	542676	50676
12	G-25011/03/2009 NACO (F)	29.12.2009	79416	7461
13	G-25011/03/2009 NACO (F)	9.3.2010	47429	4429
14	G-25011/03/2009 NACO (F)	22.10.2009	180892	16892
15	G-25011/03/2009 NACO (F)	22.10.2009	66081	6171
16	G-25011/03/2009 NACO (F)	3.10.2009	254439	23760
17	A-11014/16/2008 NACO	22.03.201	92700	10300

	0	
Total		48380185

Thus, The payment of ₹ 4 .84 crore made on account of service tax and VAT was inadmissible.

General

The Statements of Expenditure for the amount of ₹ 14001.91 lakh under the World Bank Credit No. 4229-IN was submitted by the NACO.

The general conditions of the accounts of the National AIDS Control Organisation, 36 Chanderlok Building Janpath, New Delhi for the period 2009-10 was found to be satisfactory subject to the observations contained in Inspection Report.

The Inspection Report has been prepared on the basis of information furnished and made available by the auditee. Office of the Director General of Audit, Central Expenditure, New Delhi-110002, disclaims any responsibility for any misinformation and/or non-information on the part of the auditee.


Director (AMG-II)

Audit Certificate

Report of the Comptroller and Auditor General of India

To

Sh. Kanwaldeep Singh
Director (Finance)
National AIDS Control Organisation
36-Janpath, New Delhi-110001.

Report on the Project Financial Statements

We have audited the accompanying financial statements of World Bank Assisted National AIDS Control Programme Phase III, vide Agreement No. IDA-4299-IN. These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of the National AIDS Control Programme Phase-III from 1st April 2009 to 31st March 2010 in accordance with Government of India accounting standards.

In addition, in our opinion, (a) with respect of SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expend incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditure are eligible for financing under the World Bank Agreement No.IDA-4299-IN. During the course of audit, SOEs/Claims of Expenditure amounting to ₹ 14001.91 lakh and the connected documents were examined and these can be relied upon to support reimbursement under the Loan except ₹ 8161.76 lakh which was found inadmissible for reimbursement.

This report is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before the Parliament/State or UT Legislature.



Director (AMG-II)

Office of the Director General of Audit, Central Expenditure, New Delhi.

Date: 27.1.2011¹

¹ This is the final date of field work.