

**Audit Report for GLOBAL FUND RCC-II**

**Auditor's report to:**

The Project Director,  
Chandigarh AIDS Control Society,  
Chandigarh.

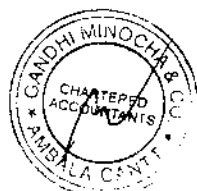
We have audited the accompanying special purpose Cash Flow Statement of the round II (ICTC Centers) for the year ended 31<sup>st</sup> March 2016 and cumulatively since inception of the program. This statement is the responsibility of the ROUND II (ICTC Centers) management. Our responsibility is to express an opinion on the accompanying statement based on our audit.

We conducted our audit in accordance with the standards prescribed by the ICAI. These 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 and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

The Round II (ICTC Centers) management's policy is to prepare the accompanying statements on the cash receipts and disbursements basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On the basis cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred.

In our opinion, subject to observations of internal auditor peripheral units, annexure 'I' i.e. letter to management the accompanying statement referred to above gives a true and fair view of (or presents fairly, in all material respects) the cash receipts and disbursements of the program during the year ending 2016 and cumulatively since inception to the program in accordance with the standards prescribed by the ICAI, described in Note to accounts.

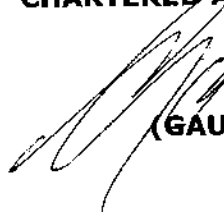

Our audits were conducted for the purpose of forming an opinion on the special purpose financial statement taken as a whole. The accompanying special purpose Schedule of Funding Source Reconciliation and Schedule of Major Contractual Amounts Outstanding as at 31<sup>st</sup> March 2016, are presented for purposes of additional analyses and are not required parts of the special purpose financial statement. Such information has been subjected to the auditing procedures applied in the audits of the special purpose financial statements and subject to observations in management letter Annexure '1' in our opinion is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.



This report is intended solely for the information and use of the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Government of India as funding agencies of GLOBAL FUND ROUND II and for submission to these funding agencies and should not be used for any other purpose.

**PLACE: CHANDIGARH**  
**DATE : 04.07.2016**

**FOR GANDHI MINOCHA & CO.,  
CHARTERED ACCOUNTANTS**

  
  
**(GAURAV GANDHI)**  
**PARTNER**  
**M.N. 501510**

### ANNEXURE I (ROUND II)

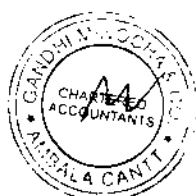
S.NO.	OBSERVATIONS	REMARKS
1.	During the course of audit it was observed that fixed assets with the NGOs/ICTC centres are not being recorded in fixed assets registers neither any reconciliation has been maintained.	As per the NACCO guidelines head office should maintain the record of fixed assets lying with the NGOs and should be reconciled occasionally.



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## ANNEXURE 11

S.No.	Activity	Particulars	Y	N	Remarks
1	Payments and Receipts	• Are the payments for expenditures in line with the approved annual work plan	✓		
		• Are the payments properly approved in line with the financial delegation	✓		
		• Are the supporting documents filed properly and easily accessible	✓		
		• Is there a serial control over payment ,receipt and journal vouchers	✓		
		• Are the expenditure/payments charged to the correct account code and head of expenditure	✓		
		• Is the system generated voucher used as basis for approval of payments	✓		
		• Comment on a process flow improvements that can be made			ALL PAYMENTS ARE IN LINE
2	NGOs	• Is there a TSU to support NGO/CBO activities and does it have a finance staff			Not applicable
		• Has the financial management capacity of the NGO been assessed by the TSU and the process documented during the selection process.			
		• Are there any critical FM capacity issues identified during selection process and how are these planned to be addressed			
		• Does the contract with the NGO contain the Financial Management aspects			
		• Are the tranches releases to NGOs in compliance with the contractual obligations and in adherence to the NGO/CBO guidelines?			
		• Are funds released without settlement of previous advance or without receipt of quarterly financial report?			
		• Is the NGO/CBO timely in submitting financial report to the SACS/PSU? If not what actions are being taken to address this issue.			
		• Is the financial review of NGOs by the TSU adequate in terms of quality and frequency			
		• Are on-site visits to the NGOs made by the finance staff of the TSU?			
		• Have the annual audited financial statements received from the NGOs	✓		



		<ul style="list-style-type: none"> <li>Carry out on site (where covered under the scope of the audit) audit of NGOs/CBOs as per TOR provided in the NGO/CBO guidelines and attach a separate report of the NGO/CBO covered. Where this is carried out by independent auditors comment on the adequacy of the actions taken by SACS to address the observations of the auditors.</li> </ul>			
3	Peripheral Units	<ul style="list-style-type: none"> <li>Has a sanction letter been issued for the proposed activity by the peripheral unit</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Are the financial management ,financial reporting and the date of settlement of advance indicated in the sanction letter</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Is the settlement done on time and is supported by a proper utilization certificate</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Comment on the quality adequacy of the financial records maintained by the peripheral units (for the sample covered during the course of quarterly internal audit)-attach a separate sheet where necessary .</li> </ul>			
4.	Overall monitoring of advances	<ul style="list-style-type: none"> <li>Are subsequent tranches released without settlement of first advance</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>Is the system for monitoring and control of advances adequate</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Are there a large number of advances overdue</li> </ul>		✓	
5	Operation of bank account	<ul style="list-style-type: none"> <li>Is an ageing report generated for the review by the project director on a periodic basis?</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Is the bank reconciliation carried out on a monthly basis</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Are there any un-reconciled or un-accounted for balances</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>Are payments made by the crossed cheques/draft?</li> </ul>	✓		
6	Fixed Assets	<ul style="list-style-type: none"> <li>Is there adequate physical control over cash, receipt book and blank cheque books</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Have the procurement procedures prescribed in the procurement Manual followed by the SACS for procurement of assets purchased by the SACS.</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Are these supported by adequate and valid supporting documents.</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Are the assets procured documented in the fixed assets register giving its location etc?</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Carry out a sample verification of fixed assets both in SACS and peripheral units/NGOs.</li> </ul>	✓		



		<ul style="list-style-type: none"> <li>Are assets received in kind also recorded in the fixed assets register giving the date of receipt ,location etc</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Is a material been purchased for the activity?</li> </ul>	✓		
7	Purchase of goods and services by SACS	<ul style="list-style-type: none"> <li>Has the purchased material been entered in the stock register? Is it upto date and physical stock in agreement with the book balances?</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Have the procurement procedures prescribed in the procurement Manual followed by the SACS for procurement of goods and services purchased by the SACS.</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Are these supported by adequate and valid supporting documents?</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Where goods including drugs are procured are these correctly recorded in the inventory register?</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Carry out a sample verification of inventory of consumables, drugs supplied to the NGO's peripheral units.</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Are goods (ART drugs, test kits etc.) received in kind also recorded in the inventory register? Does the physical balance agree with the book balance? Comment on the variance if any</li> </ul>	✓		
8	Accounting	<ul style="list-style-type: none"> <li>Is the CPFMS operational &amp; up-to-date</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Are there any constraints in using the system</li> </ul>		✓	
9	Other Issues	<ul style="list-style-type: none"> <li>Have the financial reports for the previous quarter generated from the CFMS send to the NACO in timely manner.</li> </ul>	✓		
		<ul style="list-style-type: none"> <li>Any other issues that the firm may like to address.</li> </ul>			NIL

Thanking you.

FOR GANDHI MINOCHA & CO.  
CHARTERED ACCOUNTANTS

(GAURAV GANDHI)  
PARTNER