

September 03, 2011

To:
The Governing Board,
Maharashtra State AIDS Control Society,
Wadala, Mumbai 400 031

Gentlemen/Ladies:

Re: Statutory Audit 2010-11 : Management Letter

01 Purpose, Responsibilities and Scope

The purpose of this Management Letter (the letter) is to summarize the key issues arising from the audit work that we have carried out as Statutory Auditors for financial year 2008-09 at Maharashtra State AIDS Control Society (MSACS) as part of a continuing dialogue between ourselves and MSACS.

Although this letter is addressed to the Governing Body of MSACS ('you') as it is your responsibility to ensure that arrangements are in place for the conduct of MSACS' business and to safeguard and properly account for public money, it is also intended to communicate those key issues to key external stakeholders, including members of the public.

MSACS is solely responsible:

a) to establish and maintain a system of internal controls by putting into place appropriate arrangements to ensure the proper conduct of its financial affairs which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions;

b) to monitor their adequacy and effectiveness in practice, including:

- ensuring its financial standing is soundly based;
- the development, implementation and monitoring of adequate systems of internal control;
- ensuring its affairs are managed in accordance with proper standards of financial conduct and to prevent and detect fraud and corruption; and
- ensuring its financial affairs are conducted in accordance with the laws and relevant regulations applicable to the entity

c) to ensure that arrangements are in place for the conduct of its business and to safeguard and properly account for public money; and

d) to provide us with the necessary information, explanations and documents relating to the audit

Statutory auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

V J Choksi & Co : Management Letter (Statutory Audit : 2010-11)
Private & Confidential



- 1 -
Signed for Identification
V. J. CHOKSI & CO.
By:

Our main responsibility is to carry out an audit to express an audit opinion on financial statements of MSACS as a whole for financial year 2010-11 that meets the requirements of the generally accepted auditing standards in India

This letter summarizes the significant issues arising from this area of work and highlights the key recommendations that we consider MSACS should be addressing.

02 Overall audit approach

A comprehensive audit approach which integrates financial, compliance and value added aspects has been followed in performing the audit, with a view to providing you with an independent external audit service with an emphasis on promoting accountability, good governance and the effective, economic and efficient attainment of your goals. In addressing the financial and compliance aspects of the audit, primarily, a risk-based approach has been adopted to ensure that audit resources are clearly focused.

We collect information by interviews with your staff and review key documents to improve our understanding of your business and operations. This enables us to form a preliminary view of the strengths and weaknesses of the overall control environment. We also review the information systems controls and the controls operating over specific account balances. We use this information to identify the material risk areas. We then review judgmentally selected activities within the scope advised to us for management controls and test their operation in order to determine those on which we can place assurance, and those where we need to direct more audit effort.

We review accounting systems and management controls operated by MSACS only to the extent we consider necessary for the effective performance of the audit. The results of all these aspects of the audit are brought together and evaluated to consider the impact on our audit opinion.

The types of controls we expect to be in place are:

- up-to-date procedure notes, so that staff are aware of the procedures they should be following
- segregation or separation of duties, so that staff act as checks on each other's actions
- reconciliations between financial records and other records held, to confirm the accuracy of the financial records
- access to records is limited to those who require it
- effective review of exception reports and other management information
- effective supervision, so that any problems are promptly identified and addressed.

03 Audit of the accounts and accounting issues

We received a good quality set of draft financial statements for the audit and issued a qualified opinion on the financial statements of MSACS within the submission deadline set by National AIDS Control Organisation (NACO). The draft statements were supported by good quality working papers. We identified a few adjustments to the accounts which you agreed to amend. The audit field work was completed on June 29,2011.

04 Internal Control

The objectives of an internal control structure include policies and procedures, among other things, (a) to maintain records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (b) to provide management with reasonable, but not absolute assurance that transactions (including receipts and expenditures) are executed in accordance with management's authorization and recorded properly as necessary to permit the preparation of the financial statements in accordance with generally

- 2 -
Signed for Identification
V. J. Chokel & Co
21

accepted accounting principles; and (c) to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the entity's assets that could have a material effect on the financial statements.

Because of inherent limitations in any internal control structure, errors, irregularities or misstatements may nevertheless occur and not be detected. Also, projections of any evaluation of effectiveness of the structure to future periods are subject to the risk that controls and procedures may become inadequate because of changes in conditions or that the degree of compliance or that the effectiveness of the design and operation of controls with the policies and procedures may deteriorate. Furthermore, the projection of any conclusions, based on our finding to future periods is subject to the risk that changes may alter the validity of such conclusions.

In planning and performing our work, we considered MSACS' internal control over financial reporting by obtaining an understanding of the design effectiveness of MSACS' internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of MSACS' controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not to express an opinion on the effectiveness of MSACS' internal control over financial reporting.

We limited our internal control testing to those controls necessary to achieve the objectives described above. We did not test all internal controls relevant to operating objectives such as those controls relevant to ensuring efficient operations.


Our consideration of internal control over financial reporting was for the limited purposes described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

We identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in respect of which corrective action is yet to be fully addressed by you. Our audit opinion for this year also refers to certain deficiencies in internal control system.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles (GAAP) such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

While some improvements were noticed because you have strengthened your performance management arrangements and embedded changes under NACP-III, there is still scope for you to strengthen your arrangements and our report and further collaboration with you is intended to maintain the momentum of improvement. In future, you will need to comply with both the

Signed for Identification
V. J. CHOKSI & CO.
By 

519

current regulatory framework for and the requirements of donors/funding agencies. In this context, it is vital that you ensure that core systems of financial control and governance are robust.

05 Audit Findings

Our findings in respect of communicating matters to those charged with governance are given in Annexure to this letter. The other findings are -

05-01 MSACS has not developed a timely medium-term and long-term financial strategy which should seek to ensure financial stability over a challenging but realistic period of time; you have been reliant on external financial support whilst longer-term service redesign has not progressed at all.

05-02 Budget holders need to exercise effective financial control; we would like that you focus on "Value for money" approach throughout MSACS. Value for money is about getting the maximum benefit over time with the resources available. It is about achieving the right balance among economy, efficiency and effectiveness (the '3Es'), spending less and spending wisely to achieve priorities for target population.

Over the years, value for money (particularly in relation to effectiveness) has evolved to embrace expectations that are placed on public services also underpinning considerations of the quality and effectiveness of public services

As sustainable development has risen up the agenda there is recognition that efficiency and sustainability need to be balanced within robust decision making so that outcomes are effective over time. In this context, we have drawn attention to and discussed following expenditure instances with the management -

a) The absence of an approved cost allocation plan as it increases the risk that MSACS is not fully compensated for support provided. Failure to complete and/or adequately document cost sharing and effort requirements increases the risk of reduced reimbursements and jeopardizes the future of the grant programs.

b) procurement function needs to be strengthened with skilled personnel having strategic approach to procurement and effective management of procurement risks;

c) printing of IEC materials on need-based activities at various locations;

d) other IEC related expenses such as advertisement on public buses and wall paintings;

e) filling up of vacancies and training and capacity building of staff; this failure impairs the effectiveness of controls;

f) administration of projects and programmatic grants was not always appropriate or adequately organized at peripheral units, lead NGO and other NGOs. These administrations also lacked policies and procedures for the administration of programs with the level of financial and administrative control that was required; failure to maintain proper administration of programs increases the risk of non-compliance with programmatic requirements such as cost sharing and financial/technical reporting and decreases the organizational efficiencies gained by a good administration.

g) documentation to support training for program and those responsible for the administration of contracts and grants needed improvement; the training was not documented by a formalized training schedule

h) inadequate monitoring of sub-recipient activities for various reasons including due to ineffective oversight, personnel resource constraints, staff turnover, deficient and untimely responses by sub recipients, and insufficient documentation of requests sent to sub recipients; failure to monitor sub-recipient activities increases the risk of non-compliance and jeopardizes the future of the grant programs.

05-03 MSACS also needs to look at:

- the extent to which there are shared objectives and whether the principles of value for money are applied to shared resources;
- whether partners in an area have a clear and common understanding of the public spending under their influence;
- whether partners understand delivery chains for outcomes and align resources and overcome barriers;
- whether partners recognize the extent to which spending in one sector could bring better value for money in another and lead to more effective overall resource use;
- how well partners measure and manage efficiencies and exploit the potential efficiency gains from working together; and
- how well partners understand the resources available to them and the extent to which they influence spending decisions, including to shift resources to deliver improved outcomes.

06 Future developments

We note that MSACS is likely to face the following changes over the next 18 - 24 months. While they had no impact on the 2010-11 financial statements, they are likely to have a significant impact in the future.

- i) NACP III coming to a close in FY 2011-12;
- ii) Convergence with NRHM in terms of letter no X-19020/17/2009-NACO(IEC) of August 10, 2011 from secretary & Director-General, NACO; and
- iii) Release of grants from donor agencies in view of global economic conditions.

These need to be considered during the course of for FY 2011-12.

07 Action required by the Governing Board

You need to note the following significant matters –

- Executive Committee needs to play an effective role; system wide policies and procedures need to be developed, updated, and/or finalized for certain contracting, procurement and grant activities;
- Develop a clear vision for the future or effective leadership at MSACS;
- Develop strategic approach to procurement that provides value for money;
- Develop strong and sustainable partnership working with NGOs and peripheral units;
- Strengthen middle management capacity with implications for strategic planning and management of change;
- Introduce adequate and timely training for staff as also performance appraisal arrangements for staff; and
- Fill up vacancies in staff positions and ensure proper segregation of duties.

It is the Board's responsibility to ensure that the MSACS meets its statutory financial duties and to provide scrutiny and challenge on its financial performance. In doing this, it needs to address the following issues -

- Finalize and implement plans, ensure that it meets its stated objectives and develop arrangements for monitoring its delivery.
- Develop a culture of financial discipline and control throughout MSACS and ensure that all staff understands the financial impact of their decisions.

- Ensure that budgets and associated plans are developed and agreed in advance of the financial year to which they relate.
- Review and challenge financial plans and monitoring reports to ensure that assumptions are reasonable and robust and that appropriate action is being taken to address problem areas.
- Ensure that financial risks are adequately identified, managed and monitored during the year and that contingency plans are established to address new or emerging issues.

08 Management Response

It is our understanding that MSACS management generally agrees with the findings as presented and that relevant comments from the management responsible for addressing the findings are not separately provided.

09 Limitations

i) The management of MSACS is responsible for complying with laws and regulations applicable to MSACS. We performed tests of its compliance with certain provisions of laws and regulations; we limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to MSACAS. Providing an opinion on compliance with certain provisions of laws and regulations is neither an audit nor an objective of our audit.

ii) Domain for audit was restricted to accounting procedures at MSACS in accordance with terms of reference in RFP for audit – any other information or transactions, financial or otherwise, generated or recorded based on decisions or otherwise taken at NACO or outside MSACS was not within scope of our audit;

iii) During our walk through, we could not complete controls testing and compliance testing as planned where information requested has not been provided. An external impairment, among other things, might be i) non-submission of information; and ii) unreasonable restrictions on the time to complete an audit

In particular, we have not been able to consider information/data requested by us not provided including but not limited to relevant policies, instructions, procedures etc., ; consequently, we have not been able -

- to ensure adherence to management policies and directives in order to achieve the entity's objectives
- to safeguard assets
- to secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records

iv) We did not audit or review –

- transactions prior to the period under coverage;
- comparison with prior expenditure or similar expenditure in the past; and
- where audit was performed by predecessor auditors;

v) Technical knowledge of business is not fully known to us and reliance is placed on identification of proprietary nature of items/proprietary source(s) of supply, where applicable;

vi) Our work is performed on the basis on information/data furnished or made available during our visit and is not responsible for misinformation and/or non-submission of information/data.

We rely on the reliability or accuracy of information provided or obtained in the course of our work and further, 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.

vii) In selecting our samples and other data for audit, we relied on the data provided by the management from the financial system by utilizing excel spreadsheets that has neither been subjected to IT/EDP systems audit nor reviewed for security/application controls and have not performed any additional testing on such data; such spreadsheets are prone to conversion, input and formulaic errors

viii) Inherent limitations, if any, in financial system software and our reliance on the data validated by others as part of the audit process; we did not rely on any other systems other than to make selections for testing purposes.

ix) Our work did not involve a detailed review of all aspects of the systems including but not limited to the financial system in CPFMS, and cannot be regarded as a comprehensive statement of all weaknesses that might exist, or of all improvements that might be made/required. In particular, the financial system (CPFMS) has neither been subjected to IT/EDP systems audit nor reviewed for security/application controls by us

x) Balances due to and from parties including old balances and deposits are subject to confirmation

xi) Except for preliminary visit at Avert Society, we did not visit sub-offices and other operational areas/sites for present audit work.

xii) We did not audit management's comments, where provided, and accordingly, we express no opinion on additional inputs/response provided by management.

10 Closing remarks

This letter has been discussed and agreed with your finance management. Our aim is to deliver a high standard of audit, which makes a positive and practical contribution that supports your own agenda. You have taken a positive and constructive approach to our audit and inspection and we recognize the value of your co-operation and support. We would like to take this opportunity to express our appreciation for the support, assistance and co-operation during the audit.

We will seek to ensure, wherever possible, that our work relates to the improvement priorities when planning our programme of work for 2011-12. We will seek to reconsider, with you, your improvement priorities in the light of the assessment and your own analysis, and develop an agreed programme by January 31, 2012.

11 Status of our reports to MSACS

Our audit management letter is prepared in the context of: the responsibilities of statutory auditors and MSACS management. The matters raised in this letter are only those that came to our attention during the course of our audit and are not necessarily a comprehensive statement of all inefficiencies, errors and weaknesses that exist in your systems and practices or of all improvements that might be made/required.

Our work did not involve a detailed review of all aspects of the systems, and cannot be regarded as a comprehensive statement of all weaknesses that might exist, or of all improvements that might be made.

You should assess our recommendations for improvement for their full commercial implications before they are implemented. In particular we would emphasize that we are not responsible for the adequacy and appropriateness of the monitoring and evaluation study data and methodologies.

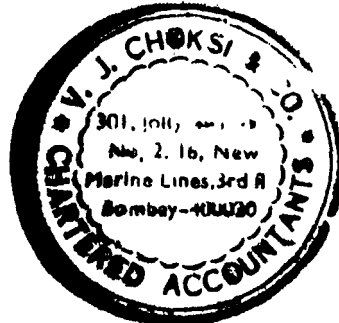
MSACS operates in a continually changing environment and MSACS and its operations are subject to a number of uncertainties and other factors, many of which are outside our control.

We undertake no obligation to revise or update this information whether as a result of new information, future events or otherwise.

12 The information in this report was prepared by V J Choksi & Co in connection with the statutory audit service provided to MSACS, the audited body, and was therefore prepared specifically for the purposes of those services and solely for the benefit of MSACS, the fund-awarding agencies and pass-through entities. V J Choksi & Co neither owes nor accepts any duty of care to any third party and shall not be liable for any loss, damage and/or expense, which is caused by any reliance that any other party may place on this information.

For your convenience, this document has been made available to you in electronic format. Multiple copies and versions of this document may therefore exist in different media - in the case of any discrepancy the final signed hard copy should be regarded as definitive. Earlier versions are drafts for discussion and review purposes only.

Thank you,



Yours truly,

V J CHOKSI & CO

In the event that, pursuant to a request which you have received under the Right to Information Act 2005 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made there under (collectively, the "Legislation"), you are required to disclose any information contained in this report, we ask that you notify us promptly and consult with us prior to disclosing such information. You agree to pay due regard to any representations which we may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such information. If, following consultation with us, you disclose any such information, please ensure that any disclaimer which we have included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

MSACS may wish to publish the financial statements, including our audit report, on their web site. It is the responsibility of MSACS to ensure that any such publication properly presents the financial information and any auditor's report. MSACS must advise us of any intended electronic publication before it occurs, and should seek our consent to the electronic presentation of our audit report. We reserve the right to withhold consent to the electronic publication of our report if the audited financial statements or the auditor's report are to be published in an inappropriate manner. We reserve the right to withhold consent to the electronic publication of our report if the audited financial statements or the auditor's report are to be published in an inappropriate manner. MSACS is also responsible for the controls over, and the security of their website. The examination of the controls over the maintenance and integrity of web site is beyond the scope of our audit of the financial statements.

Matters to be communicated to those charged with governance**Fraud**

We require management to acknowledge in writing its responsibility for putting in place sufficient internal controls to prevent and detect fraud. We also require management to disclose to us:

- The results of their assessment of the risk that the financial statements may be materially misstated as a result of fraud;
 - Their knowledge of fraud or suspected fraud affecting the entity involving management, employees or others; and
 - Their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- MSACS have made this information available to us. Our audit has concluded that the risk of material misstatement arising from fraud is relatively high.

Reliance on Internal Audit and Other Assurances

During the audit, we could not liaise either with internal auditors of MSACS or with internal auditors of peripheral units/NGOs to obtain assurance from the following pieces of work:

- policies and procedures
- key internal controls audit
- procurement of goods and services

Modifications to the Auditor's Report

A modified audit opinion has been issued by us.

Effectiveness of Communications

SA 260 requires us to review the effectiveness of communications between the auditors and those charged with governance. Throughout our audit, we tried to ensure that communications were effective. Due to ineffective working of Executive Committee, there was no interaction those charged with governance. However, we presented our audit strategy and the findings to the Project Director and the Head of Finance. The audit team also had regular meetings with the finance staff at MSACS, which ensured that all issues arising were raised at the earliest possibility, resulting in swift resolutions. Overall, communications between us and MSACS have operated effectively throughout the field work of audit but not with those charged with governance.

Material Weaknesses in Internal Control

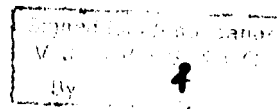
A material weakness in the accounting and internal control systems is a deficiency in design or operation which could adversely affect the audited entity's ability to record, process, summarize and report financial and other relevant data and which might result in a material misstatement in the financial statements.

As external auditors, we will only formally communicate those audit matters that have come to our attention as a result of the performance of the audit.

During our audit, we reviewed the accounting systems and management controls operated by MSACS only to the extent we considered necessary for the effective performance of the audit.

As a result, our review may not have detected all weaknesses that exist or all improvements that could be made. Our findings in respect of the management control environment and material weaknesses in the design or operation of the internal control structure are given below.

- a) need to strengthen procedures for effective grant management with a central approach for accounting, management, and training for grant compliance to reduce the risks of mismanagement in grant funding;
- b) formalizing arrangements in respect of grants provided to peripheral units to ensure accountability over peripheral units;
- c) accounting for cost-sharing and cost-allocation to different programmes with a need to formalize the system;
- d) absence of formal cost-sharing arrangement for use of common infrastructure with Avert Society and Mumbai Districts AIDS Control Society (MDACS);
- e) timely submission of Statements of expenditure/Utilization certificates by sub-recipient NGOs (including lead NGO) and sub-recipient peripheral units and their timely adjustment in the financial record of MSACS as grant expenditure;
- f) records for Fixed assets (including but not limited to obsolete/discarded assets) at MSACS, sub-recipient NGOs and peripheral units;
- g) records for Testing Kits, consumables and other items at MSACS and peripheral units
- h) timely internal audit both at the Society as also at sub-recipient NGOs (including lead NGO) and peripheral units during FY 2010-11 resulting in inadequate control and weak governance;
- i) vacancies in sanctioned staff positions not filled also resulting in inadequate control and weak governance;
- j) Management has not established a road plan or formal process to change to accrual system of accounting that will facilitate improved financial reporting and increase the financial control; in the current accounting system, there are inherent limitations and constraints on the detailed review of current assets, advances and current liabilities;
- k) Management has to design an internal control system and establish procedures for dealing with discontinuance of grants to and/or termination of tie up arrangements with sub-recipient NGOs and recoveries from sub-recipient NGOs including but not limited to assets and other materials given to sub-recipient NGOs;
- l) robust financial plans linked with operational plans need to be in place, and ensure that such plans are being delivered for ensuring value for money;
- m) suitable insurance coverage to ensure the appropriate levels and types of coverages are in place;
- n) formal policy for assuming financial obligations of employees/ex-employees who are/were on deputation from State Government, the sponsor body;
- o) Operational and fiscal evaluations or reviews of sub-recipient NGOs (including lead NGO) need to be enhanced in assessing NGOs/Peripheral units' internal control and compliance for purposes of achieving effective oversight instead of relying heavily on information obtained



through interviews; Operational and fiscal evaluations or reviews presently not carried out should also be carried;

p) oversight implications of non-compliance with –

- statutory obligations by MSACS in relation to Income Tax (including TDS on payments to Folk troupes for IEC and Event Manager for training events);
- statutory obligations by sub-recipient NGOs (including lead NGO)/peripheral units especially in relation to Income Tax (including TDS), Profession Tax and labour laws; and
- guidelines on financial and procurement systems for sub-recipient NGOs/CBOs prescribed by NACO with consequential impact on project implementation by sub-recipient NGOs/peripheral units, as the case may be;

q) monitoring activities and financial utilization for which grants are awarded by MSACS to NGOs/peripheral units where there is comingling or overlapping of other activities or there is funding received from other donor agencies;

r) accounting discrepancies, inappropriate accounting heads used and non-reconciliation of system-generated Financial Management Reports (FMRs) and other data with financial results on timely basis due to, among other things, application software-related problems;

s) compliance with statutory provisions of Income Tax law with respect filing of annual income tax return and with governing organizational law for charitable/non-profit entities;

t) consistent and timely checks on monthly salaries to contractual staff before making payment and periodical management review thereof.

u) detailed periodical analyses of material variations between actual and budgeted expenditure

Other Audit Matters of Governance Interest

SA 260 also requires us to communicate with those charged with governance any other audit matters of governance interest. These matters of governance interest have already been raised in our audit report(s).

To:
The Project Director,
Maharashtra State AIDS Control Society,
Mumbai 400 031

Introductory Paragraph

We have audited the accompanying financial statements of Maharashtra State AIDS Control Society under the National AIDS Control Project – Phase III (financed under World Bank Credit and DFID grant collectively referred to as "Pool Funds") as of March 31, 2011. The management of Maharashtra 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.

Maharashtra State AIDS Control Society (referred to as "MSACS" or "the Society" for brevity's sake) 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 this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred.

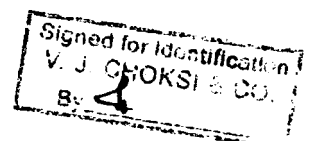
Scope Paragraph

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 of 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.

The financial statements of the Company for the year ended March 31, 2010 were audited and reported upon by another firm of Chartered Accountants (vide their report issued on August 2010); the initial opening balances as at April 01, 2010, regrouped or restated where necessary, have been considered as opening balances for the purpose of these financial statements and have been relied upon by us without verification except for matters that we have come across and access to the information to perform audit procedures thereon was not available.



(98)

Bases for opinion

We report that -

01 MSACS Trustees/management is/are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgment by management are required to assess the expected benefits and related costs of internal control structure, policies and procedures. We are neither aware of nor have we been informed of any assessment in this respect by MSACS.

The objectives of an internal control structure include policies and procedures, among other things, are (a) to maintain records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of MSACS;
(b) to provide management with reasonable, but not absolute assurance that transactions (including receipts and expenditures) are executed in accordance with management's authorization and recorded properly as necessary to permit the preparation of the financial statements in accordance with generally accepted accounting principles; and
(c) to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the MSACS' assets that could have a material effect on the financial statements.

Because of inherent limitations in any internal control structure, errors, irregularities or misstatements may nevertheless occur and not be detected. Also, the projection of any evaluation of effectiveness of the structure or conclusions, based on our finding, to future periods is subject to the risk that they may become inadequate because of changes in conditions; degree of compliance or the effectiveness of the design and operation of controls with the policies and procedures may deteriorate and consequently altering the validity of such conclusions that would no longer portray the system in existence.

MSACS continued its focused efforts to resolve long-term issues identified in its financial management processes and systems. Our evaluation of the prevailing internal control structure and its operation at MSACS as of and for the year ended March 31, 2011 for the purpose of expressing an opinion on the financial statements disclosed weaknesses in the design or operation of the internal control structure for:


- a) need to strengthen procedures for effective grant management with a central approach for accounting, management, and training for grant compliance to reduce the risks of mismanagement in grant funding;
- b) formalizing arrangements in respect of grants provided to sub-recipient peripheral units to ensure accountability over sub-recipient peripheral units;
- c) accounting for cost-sharing and cost-allocation to different programmes with a need to formalize the system;
- d) absence of formal cost-sharing arrangement for use of common infrastructure with Avert Society and Mumbai Districts AIDS Control Society (MDACS);
- e) timely submission of Statements of expenditure/Utilization certificates by sub-recipient NGOs (including lead NGO) and peripheral units and their timely adjustment in the financial record of MSACS as grant expenditure;
- f) records for Fixed assets (including but not limited to obsolete/discarded assets) at MSACS, sub-recipient NGOs and peripheral units;
- g) records for Testing Kits at MSACS and sub-recipient peripheral units
- h) timely internal audit both at the Society as also at sub-recipient NGOs (including lead NGO) and peripheral units during FY 2010-11 resulting in inadequate control and weak governance;

- 28
- i) vacancies in sanctioned staff positions not filled also resulting in inadequate control and weak governance;
 - j) Management has not established a road plan or formal process to change to accrual system of accounting that will facilitate improved financial reporting and increase the financial control; in the current accounting system, there are inherent limitations and constraints on the detailed review of current assets, advances and current liabilities;
 - k) Management has to design an internal control system and establish procedures for dealing with discontinuance of grants to and/or termination of tie up arrangements with sub-recipient NGOs and recoveries from sub-recipient NGOs including but not limited to assets and other materials given to sub-recipient NGOs;
 - l) robust financial plans linked with operational plans need to be in place, and ensure that such plans are being delivered for ensuring value for money;
 - m) suitable insurance coverage to ensure the appropriate levels and types of coverages are in place;
 - n) formal policy for assuming financial obligations of employees/ex-employees who are/were on deputation from State Government, the sponsor body;
 - o) Operational and fiscal evaluations or reviews of sub-recipient NGOs (including lead NGO) need to be enhanced in assessing NGOs/Peripheral units' internal control and compliance for purposes of achieving effective oversight instead of relying heavily on information obtained through interviews; Operational and fiscal evaluations or reviews presently not carried out should also be carried;
 - p) oversight implications of non-compliance with –
 - statutory obligations by MSACS in relation to Income Tax (including TDS on payments to Folk troupes for IEC and Event Manager for training events);
 - statutory obligations by sub-recipient NGOs (including lead NGO)/peripheral units especially in relation to Income Tax (including TDS), Profession Tax and labour laws; and
 - guidelines on financial and procurement systems for sub-recipient NGOs/CBOs prescribed by NACO with consequential impact on project implementation by sub-recipient NGOs/peripheral units, as the case may be;
 - q) monitoring activities and financial utilization for which grants are awarded by MSACS to sub-recipient NGOs/peripheral units where there is comingling or overlapping of other activities or there is funding received from other donor agencies;
 - r) accounting discrepancies, inappropriate accounting heads used and non-reconciliation of system-generated Financial Management Reports (FMRs) and other data with financial results on timely basis due to, among other things, application software-related problems;
 - s) compliance with statutory provisions of Income Tax law with respect filing of annual income tax return and with governing organizational law for charitable/non-profit entities;
 - t) consistent and timely checks on monthly salaries to contractual staff before making payment and periodical management review thereof;
 - u) detailed periodical analyses of material variations between actual and budgeted expenditure

that we consider to be significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect MSACS' ability to record, process, summarize and report financial data consistent with the assertions of the management in the financial statements;

Our evaluation excluded internal controls related to IT environment and we are unable to obtain reasonable assurance about the aspects of controls that may be relevant to MSACS' internal controls in this environment as it relates to audit of the financial statements.

These deficiencies are likely to continue to exist until internal controls are strengthened, and appropriate resources are dedicated to maintaining effective internal controls. In the interim, the Society will need to place greater emphasis on monitoring the current risks and vulnerabilities, Maharashtra State AIDS Control Society – Audit report (Pool Funds) – FY 2010-11

Signod for identification
V. J. CHOKSI & CO
By: 

along with the related compensating procedures, to determine whether these risks are being adequately mitigated on an ongoing basis. Successfully addressing these issues is critical to maintaining the Society's credibility;

Generally accepted accounting principles and grant management requirements, specify the grant management and control systems be documented and designed to detect errors and fraud in the normal course of business. The lack of management and control procedures leaves MSACS vulnerable to errors and fraud in grants and to the risk of incomplete reporting and compliance with grant requirements.

02 The cost-sharing and/or cost-allocation in different programmes are done by MSACS guided, among other things, by programme budgets and relied upon by us;

03 Balances due to or from parties including but not limited to Advances/deposits given and Security Deposits received are subject to confirmation; there are old Credit and debit balances including those relating to vendors, advances and deposits given (including advances to employees) and unutilized grants funds from donor agencies that need to be, among other things, comprehensively reviewed and analyzed for ageing, and carry out appropriate adjustments on regular basis; their present status needs to be ascertained as legacy issues will continue to impair the Society's ability to report financial information;

04 Advances have continued to be granted to sub-recipients being Peripheral Units notwithstanding that the sub-recipient Peripheral Units have continued to be irregular in submitting Statements of Expenditure/Utilization certificates in respect of prior outstanding advances; MSACS needs to strengthen mechanism for timely adjustment of advances in terms of letter no T.11025/28/2009-NACO of October 29,2010 from NACO; in respect of such expenditure and advances, owing to inadequate controls, systems, safeguards and monitoring over its use; it is not possible for us to ascertain whether the utilization is done or likely to be done in a proper manner; Additionally, MSACS should also seek data of interest earned by peripheral units on unspent funds before releasing further advances;

05 World Bank has clarified that payments made to Government enterprises out of reimbursement claims under World Bank assisted projects are eligible if the enterprises can establish that they are (i) legally and financial autonomous; (ii) operate under commercial law; and (iii) are not dependent agencies of the borrower or sub-borrower.

MSACS has claimed expenditure of Rs 71,99,287/- on IEC in respect of advertisements on state-owned and municipal owned buses where the indirect or ultimate beneficiaries are government enterprises and the World Bank's eligibility criteria are not fulfilled. In our opinion, the expenditure of Rs is ineligible.

05 We believe that procurement procedures have been deficient in respect of the following transactions –

(i) Training – award of work to Shree Holidays entailing outlay of approximately Rs 1,25,00,000/-; in terms of letter no T.11025/28/2009-NACO of August 04,2010 from NACO, outsourcing of services is permissible for security and housekeeping services only. However, in contravention of this directive, MSACS has outsourced services for organizing training events to Shree Holidays; this is a questionable cost.

(ii) In our opinion, there is excess payment under the head of "Training" of service tax to Shree Holidays charged on aggregate basis when Shree Holidays has not provided services; the matter requires to be examined and excess payment (amount to be quantified) is a questionable cost to be recovered from the vendor;

(iii) IEC – award of work for advertisement on state government transport buses through sole agent entailing outlay of Rs 51,59,165/-;

Signed for identification
V. J. CHOKSI & CO.
By

(iv) IEC – award of work for advertisement on municipal transport buses entailing outlay of Rs 20,40,122/- where though lower quotations were received from other parties but subsequently due to intervention of respective sole agents the work was awarded to such sole agents at significantly higher cost; and

(v) Standard bidding documents do not include the clause as per paragraph 1.14(e) of the Bank's Procurement Guidelines of May 2004 relating to Bank's right requiring bidders, suppliers and contractors to permit the Bank to inspect their accounts and records.

06 Expenditure under the head "IEC" includes Rs 6,78,000/- incurred for awareness through folk troupes' performance for which payment has been made without holding verifiable evidence; this is a questionable cost;

07 In terms of Office Memorandum no G 25012/4/2008/NACO dated Nil from NACO referring to clarification vide DO no Coord/10(1) 2010/NACO/39576 of March 04,2011 from Central Provident Fund Commissioner, NACO and SACS are excluded from applicability of Provident Fund law to contractual employees of NACO and SACS. However, this exclusion does not extend to applicability of PF law to contractual staff employed by peripheral units, lead NGO and other NGOs. The impact of this is nor presently ascertainable.

08 The management is responsible for complying with laws and regulations applicable to the Society. We performed tests of its compliance with certain provisions of laws and regulations; we limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to MSACS. Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and accordingly, we do not express such an opinion.

09 There is no IT/EDP systems audit nor review for security/application controls and we have not performed any additional testing on financial or other data; also there are inherent limitations in financial system software and our reliance on the data validated by management/ others as part of the audit process; we did not rely on any other systems other than to make selections for testing purposes


10 We have not been able to review whether there is any Business Continuity Plan (BCP) and Disaster recovery policy/ procedures (DRP)

11 The financial statements for FY 2009-10 are not approved by the Executive Committee/Governing Body of MSACS and we have attested these financial statements as statutory auditors subject to the approval of (i) our appointment by Executive Committee/ Governing Body and (ii) the financial statements by Executive Committee/ Governing Body.

12 The Executive Committee and Governing Body of MSACS have to enhance their functional effectiveness to comply with the laid down rules and regulations of MSACS including but not limited to hold meetings regularly and maintain up to date Minutes Books as also in particular approve/ ratify deeds/actions which though may be in accordance with the guidelines/directions of donor agencies but nevertheless may be inconsistent with the rules and regulations of MSACS; we are unable to ascertain precisely all such inconsistencies that may be existing and the impact, if any, on the financial statements of MSACS;

13 In respect of Fixed Assets -

- a) in the past, MSACS incurred expenditure on civil works by construction/extension of building structures at various locations reflected as "Fixed asset" in the financial statements; in the absence of documents establishing title or any other formal

Signed for identification
V. J. CHOKSI & CO.
By 

arrangement transferring title in favour of MSACS, we are unable to comment on the carrying value of such assets in the financial statements;

- b) Having regard to the accounting treatment consistently followed during the year and in earlier years of charging certain capital expenditure as utilization of grant, inventory records for fixed assets are to be updated and do not reconcile to the general ledger;
- c) to the extent identified during audit, certain fixed assets are not in working condition; however, no provision has been made for this as required under accounting standards – we have relied on management's representations pertaining to Fixed Assets and effect to be given for impairment in assets, if any;
- d) identification and subsequent physical verification of fixed assets and reconciliation of discrepancies, if any, with up-dated records has not been done by the management.
- e) Inventory records need to be maintained and periodical physical verification be carried out by persons other than custodians;

In the circumstances, we are unable to comment on the value of assets reflected in the financial statements;

14 In respect of payments to employees –

- a) Expenses under Pool Fund programme include Rs 3,30,209/- to a staff on deputation, that, in our opinion, is questionable cost as the employee deputed to MSACS from July 2010 was on continuous and prolonged leave since his joining until his retirement in May 2011;
- b) Expenses under Pool Fund programme include Rs 57,500/- to a staff that, in our opinion, is questionable cost as the employee is appointed by NACO and there is no communication or authorization from NACO shown to audit for charging the salary as expenditure of MSACS;
- c) service book/record of employees on deputation from Government were not available to audit;
- d) documents related to selection process of new appointees was not available to audit; and
- e) there are several positions vacant affecting the discharge of effective procurement functions and segregation of duties by employees in overall functioning of MSACS;

15 MSACS' operating plans have been entirely reliant on external financial support with no other plans for sustainable funding to ensure continuance of activities on self-supportive basis. In the event that external financial support was to get delayed or discontinued, there is uncertainty as to MSACS' ability to continue with the operating plans and activities. These financial statements are prepared on the assumption that sufficient financing will continue to be provided to MSACS to enable it to continue with its plans and activities.

16 These financial statements are prepared by MSACS management generally in accordance with financial guidelines prescribed by National AIDS Control Organization (NACO) and do not strictly comply with the requirements of accounting standards prescribed by the Institute of Chartered Accountants to the extent applicable and in the manner required. The effects on the financial statements of the variances between accounting practices adopted and accounting standards, although not reasonably determinable, are presumed to be material.

17 The audit is performed on the basis on information/data furnished or made available to audit and is not responsible for misinformation and/or non-submission of information/data.

18 We did not audit management's comments, where provided, and accordingly, we express no opinion on additional inputs provided therein by management on them.

19 We are unable to examine compliance with the following applicable financial rules issued under General Financial Rules, 2005 (GFR) by the Government of India –

GFR no	Requirement of rule
208(iii)	Autonomous organisations, new or already in existence should be encouraged to maximise generation of internal resources and eventually attain self sufficiency
209(6)(v)	In making grants to non-government or quasi-government Institutions or Organisations, a condition should be laid down that assets acquired wholly or substantially out of Government grants, except those declared as obsolete and unserviceable or condemned in accordance with the procedure laid down in the General Financial Rules, shall not be disposed of without obtaining the prior approval of the authority which sanctioned the grants-in aid.
209(6)(vi)	The sanctioning authority, while laying down the pattern of assistance, may decide whether the ownership of buildings constructed with grants-in-aid may vest with Government or the grantee Institution or Organisation. Where the ownership is vested in the Government, the grantee Institution or Organisation may be allowed to occupy the building as a lessee. In such cases suitable record of details of location, cost, name of lessee and terms and conditions of lease must be maintained in the records of the granting Ministry or Department. In all cases of buildings constructed with grants-in-aid, responsibility of maintenance of such buildings should be laid on the grantee Institution or Organisation.
209(6)(xi)	The stipulation in regard to refund of the amount of grant-in-aid with interest thereon should be brought out clearly in the letter sanctioning the grant as well as in the bond so required to be executed.
212(2) read with OM no F No 13(9)/E.II-A/ 2007 of April 10,2010	In the case of private and voluntary organizations receiving recurring grants-in-aid from Rs 10 lakhs to Rs 25 lakhs, all the Ministries or Departments of Government of India should include in their annual report a statement showing the quantum of funds provided to each of those organizations and the purpose for which they were utilized, for the information of Parliament. The annual reports and accounts of private and voluntary organizations receiving recurring grants-in-aid to the tune of Rs 25 lakhs and above should be laid on the Table of the House within nine months of the close of the succeeding financial year of the grantee organisations.
212(4)	A Register of Grants shall be maintained by the sanctioning authority in the format given in Form GFR - 39.

20 Significant Accounting Policies are not disclosed as required under AS-1;

21 As regards the matters referred to above in paragraphs 01 to 18 above and -
 - owing to the limitations explained therein; and/or
 - our inability to comment on the eventual outcome; and/or
 - in the absence of an adequate system, which we could rely on, and consequently our inability to perform satisfactory audit procedures; and/or
 - such adjustments (not presently ascertainable) as might have been found to be necessary had we been able to satisfy ourselves as to the matters referred therein;
 the financial results of MSACS as of and for the year ended March 31, 2011 may vary in step with the final determination/resolution of the issues involved. We are unable to express an opinion on such matters and the consequential effect, if any, on the financial statements of MSACS.

587

Opinion Paragraph

In our opinion, the financial statements, subject to the foregoing observations with such subsequent adjustments that may be necessary (presently not ascertainable), give a true and fair view of the Sources and Application of Funds and the financial position of Maharashtra State AIDS Control Society for the year ended March 31, 2011, in accordance with consistency applied accounting standards.

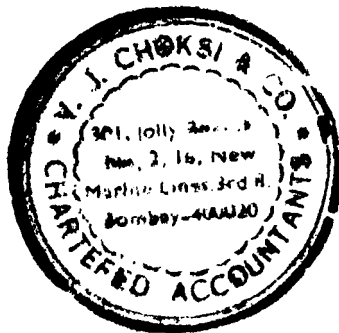
In addition, subject to the foregoing observations (a) the financial statements have been prepared with respect to Interim Financial Reporting Statements (IFRS), (b) which expenditures are eligible for financing under the Credit/Grant Agreement (c) procurement of goods and services has been carried out as per the procurement manual issued by NACO, GOI and NGO/CBO guidelines.

We further report that subject to the aforesaid observations –

- All funds sent by GOI/ State Society as grant-in-aid have been used in accordance with the conditions as laid down in the Project Implementation Plan and World Bank agreements as well as the GFATM agreement and only for the purposes for which the funds were provided;
- All funds have been used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
- All expenditure, including procurement of goods and services have been carried out as per the procurement manual of the program;
- All the goods procured and issues are supported by valid receipt and issue documents and are recorded in the stock/ inventory registers and the closing balances worked out correctly; and
- The expenditures reported as per the quarterly FMR also are in agreement with the audited expenditure / books of accounts and variances are documented

This report is intended solely for the information and use of the World Bank, DFID and National AIDS Control Organisation of the Government of India as funding agencies of the National AIDS Control Program – Phase III and for submission to these funding agencies and should not be used by anyone other than these specified parties for any other purpose.

Mumbai
September 03, 2011



For V. J. CHOKSI & CO.,
Chartered Accountants
FRN: 101904W


V J Choksi/Partner
Membership No. 006534

Utilisation Certificate

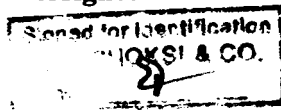
Certified that an amount of Rs. 290,749,718.00 received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year 2010-11 vide letter No. given below and opening Cash/Bank Balance Rs. 29,193,029.36 (and Current Liabilities of Rs.5,895,967.35)and outstanding Advances for Rs. 109,079,838.31on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. 4,490,635.50. a sum of Rs. 197,106,399.80 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 84,956,477.06 (and Current Liabilities of Rs. 3,893,693.35)and outstanding advances of Rs.149,448,070.31. remaining unutilized at the end of the year will be adjusted towards the grants-in-aid payable during the next year .

Sl. No.	Sanction letter Number and Date Amount	Amount
1	RTGS Dated 31/05/2010	200,700,000.00
2	RTGS Dated 03/12/2010	89,000,000.00
3	Recovery/Deduction of Grants from (DBS)	1,049,718.00
Total		290,749,718.00

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

PROJECT DIRECTOR

NACO

591 (Draft)

Maharashtra SACS - POOL FUND

Ackworth Complex R.A.Kidwai Marg Wadala (West), Mumbai - 400031

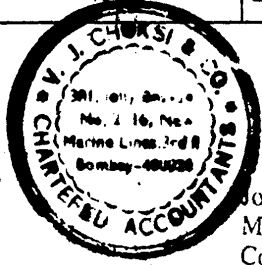
National AIDS Control Project - Phase III

Balance Sheet

For The Period From : 01-Apr-2010 To :31-Mar-2011

-132,376,900.32	GENERAL FUND	01	230,510,854.02	27,607,802.00	FIXED ASSETS	02	29,466,632
	CURRENT LIABILITIES AND PROVISIONS				CURRENT ASSETS, LOANS AND ADVANCES		
2,415,227.60	CURRENT LIABILITIES	0501	2,225,509.60	29,193,029.36	CURRENT ASSETS	0301	84,956,477
27,607,802.00	FIXED ASSET FUND		29,466,632.00	109,079,838.31	LOANS AND ADVANCES	0401	149,448,070
3,480,739.75	Funds from Other Sources	03	1,668,183.75				
<u>165,880,669.67</u>			<u>263,871,179.37</u>	<u>165,880,669.67</u>			<u>263,871,179.37</u>

V. J. Choksi
V. J. CHOKSI & CO.
 Auditor



Dele
 Joint Director (Finance)
 Maharashtra State AIDS;
 Control Society, Mumbai.

Dele
 Project Director

3 SEP 2011

Figures in Rupees

Opening grant in aid		132,376,900.32	162,517,553.93
Add: Received during the year			
Grant from NACO to SACS		289,700,000.00	132,800,000.00
Recovery/Deduction of Grants		1,049,718.00	0.00
Less: Utilised during the year			
Grants utilised to the extent of revenue expenditure		190,756,934.30	162,443,456.61
Grants utilised to the extent of fixed asset expenditure		1,858,830.00	497,197.00
Closing grant in aid		230,510,854.02	132,376,900.32

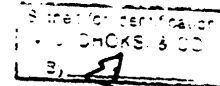


Fixed Asset

Schedule 02

Figures in Rupees

Blood Bank Equipments (2203)	16,199,163.00	1,384,676.00	0.00	17,583,839.00
Civil Works (2201)	480,695.00	0.00	0.00	480,695.00
Equipment (Other) (2204)	1,647,323.00	0.00	0.00	1,647,323.00
Furniture, Fixtures & Supplies (2202)	7,170,886.00	233,825.00	0.00	7,404,711.00
Office Equipment (2206)	959,331.00	240,329.00	0.00	1,199,660.00
Vehicles (2205)	1,150,404.00	0.00	0.00	1,150,404.00
Grand Total	27,607,802.00	1,858,830.00	0.00	29,466,632.00



Funds from Other Sources

Schedule 03

Figures in Rupees

A.R.T Funds From NACO (07)	0.00	0.00	0.00	0.00
AVERT (03)	12,349.00	0.00	0.00	12,349.00
Domestic funds from NACO (10)	4,717.00	295,454.00	0.00	300,171.00
Pathfinder (06)	-175,455.00	0.00	0.00	-175,455.00
UNDP (02)	-56,008.00	0.00	0.00	-56,008.00
UNICEF (01)	3,726,722.75	133,830.00	2,241,840.00	1,618,712.75
WHO (04)	-31,586.00	0.00	0.00	-31,586.00
Grand Total	3,480,739.75	429,284.00	2,241,840.00	1,668,183.75



CURRENT ASSETS

Schedule 0301

595

Figures in Rupees

Bank 3	11,777,481.97	11,003,710.97
Imprest Account	2,294.00	0.00
Bank 7	73,176,701.09	18,189,318.39
Total	84,956,477.06	29,193,029.36

LOANS AND ADVANCES

Schedule 0401

Figures in Rupees

Advance to Others	22,169,714.00	8,202,563.00
Advance to NGOs	38,947,869.50	30,483,654.50
Advance to Staff	1,753,571.00	543,534.00
Advance to Autonomous Bodies	45,048,832.30	33,836,853.30
Advance to District Authorities	31,869,825.00	27,405,103.00
Security Deposit (Paid)	274,407.51	250,407.51
Advance to DAPCU	9,383,851.00	7,816,477.00
Inter Unit Fund Transfer	0.00	541,246.00
Total	149,448,070.31	109,079,838.31

Signature of the Officer
 V. U. Chokas & Co.
 By: 

CURRENT LIABILITIES

Schedule 0501

Figures in Rupees

General Provident Fund	-39,200.00	0.00
Other Recoveries	-50,318.00	25,180.00
Security / Earnest Deposit (Received)	2,020,337.60	2,221,261.60
TDS (Others)	205,190.00	142,166.00
TDS (Salary)	89,500.00	26,620.00
Total	2,225,509.60	2,415,227.60

Signed for Cash Payment
V. CHOKS & CO
By 4

NACO

Maharashtra SACS - POOL FUND

[Draft]

Ackw. Complex R.A.Kidwai Marg Wadala (West), Mumbai 400031

596

National AIDS Control Project - Phase III

Income And Expenditure Account

For The Period From : 01-Apr-2010 To :31-Mar-2011

45,604,368.00	IEC		35,240,340.00	3,841,203.00	Other Income	28	4,490,6
1,369,451.00	Surveillance		3,965,008.50	162,443,456.61	Grants utilised to the extent of revenue expenditure		190,756,9
4,075.00	Prior to NACP III-(PI) Non Reimbursable expenses		24,500.00				
0.00	Prior to NACP III-(LA) Non Reimbursable expenses		21,850.00				
0.00	Prior to NACP III-(IC) Non Reimbursable expenses		135,650.00				
5,698,901.00	Kits and Other Lab Supplies	06	5,371,825.00				
6,848,729.00	Training and Workshops	08	20,085,382.00				
44,706,650.00	NGO Services	11	58,595,307.00				
36,274,753.00	Salary (Pay and Allowances)	13	50,189,218.00				
1,802,753.00	Maintenance Costs	14	1,957,731.00				
23,974,979.61	Operational Expenses	15	19,660,758.30				
<u>166,284,659.61</u>			<u>195,247,569.80</u>	<u>166,284,659.61</u>			<u>195,247,5</u>

Aule
 Joint Director (Finance)
 Maharashtra State AIDS;
 Control Society, Mumbai.

Devlina
 Project Director
 Maharashtra State AIDS;
 Control Society, Mumbai.


Signed for authentication
 V. J. Chavhan
 By: *[Signature]*

597

Sale of Bid/Tender Documents	35,300.00	40,100.00
Other Receipts	120,437.50	209,122.00
Interest from Bank	4,334,898.00	3,591,981.00
Total	4,490,635.50	3,841,203.00

Kits and Other Lab Supplies

HIV Kits	0.00	99,831.00
Other Lab. Supplies	2,088,833.00	2,387,711.00
Blood Lab. Supplies	0.00	100,240.00
Consumable Items	3,282,992.00	3,111,119.00
Total	5,371,825.00	5,698,901.00

Signed for identification
 V. J. CHOKSI & CO.
 By: 

Training and Workshops

Schedule 08

C598

Training	11,500,884.00	5,671,229.00
Campaigns	8,584,498.00	1,177,500.00
Total	20,085,382.00	6,848,729.00

NGO Services

Schedule 11

NGO Services	6,996,273.00	5,654,991.00
NGO Services for Priority Interventions	51,599,034.00	39,051,659.00
Total	58,595,307.00	44,706,650.00

Signed for Verification
V. J. CHOKSI & CO.
By: 

599

Salary	47,871,301.00	35,745,262.00
Honorarium	0.00	334,000.00
Leave Salary & Pension Contributions	2,294,570.00	107,597.00
Medical Expenses	23,347.00	87,894.00
Total	50,189,218.00	36,274,753.00

Maintenance Costs


Schedule 14

Equipment Maintenance	404,647.00	797,591.00
Building Maintenance	218,408.00	360,067.00
Vehicle Maintenance	1,334,676.00	645,095.00
Total	1,957,731.00	1,802,753.00

Signed for Identification
 V. J. CHOKSI & CO
 P. *[Signature]*

60

Travelling Expenses	4,831,699.00	3,203,415.00
Rent, Rates & Taxes	449,774.00	774,055.00
Telephone/Communication Expenses	694,736.30	538,461.40
Bank Charges	45,129.00	42,887.21
Miscellaneous Expenses	1,970,349.00	9,202,641.00
Printing & Stationery	2,124,760.00	2,844,923.00
Advertisement (Other than IEC)	830,925.00	426,739.00
Water and Electricity Charges	898,964.00	2,447,500.00
Audit Fees	1,295,068.00	1,275,068.00
Legal Expenses	60.00	552.00
Postage/Courier	433,731.00	221,376.00
Quality Assessment	898,594.00	2,902,822.00
Other Administration Cost	1,962,756.00	20,620.00
Contractual Services - Companies	2,590,960.00	20,000.00
Contingency	633,253.00	53,920.00
Total	19,660,758.30	23,974,979.61

Signed for the Location
 V. J. CHOKSI & CO
 By: 

NACO

60

Maharashtra SACS - POOL FUND

Ackworth Complex R.A.Kidwai Marg Wadala (West), Mumbai - 400031

National AIDS Control Project - Phase III

Receipt And Payment Account

For The Period From : 01-Apr-2010 To :31-Mar-2011

	Opening Balance:			102,405,689.00	LOANS AND ADVANCES	17	132,342,187.00
5,154.00	Cash in hand		0.00	0.00	Funds from Other Sources	15	2,107,230.00
0.00	Imprest Account		0.00	410,974.00	FIXED ASSETS	16	1,723,768.00
74,327,528.97	Balance with Bank	30	29,193,029.36	75,836.00	CURRENT LIABILITIES	32	315,622.00
132,800,000.00	GENERAL FUND	29	290,749,718.00	927,251.00	Kits and Other Lab Supplies	18	897,546.00
3,841,019.00	Funds from Other Sources	31	0.00	2,179,469.00	Training and Workshops	20	4,176,486.00
182,786.00	CURRENT LIABILITIES	32	125,803.00	1,053,069.00	NGO Services	23	2,752,071.00
3,841,203.00	Other Income	56	4,490,635.50	22,433,187.00	Salary (Pay and Allowances)	25	43,689,281.00
<u>214,997,690.97</u>			<u>324,559,185.86</u>	1,483,220.00	Maintenance Costs	26	1,639,730.00
				15,577,474.61	Operational Expenses	27	17,442,932.00
				39,194,556.00	IEC		32,296,290.00
				63,936.00	Surveillance		219,550.00
					Closing Balance:		
				0.00	Cash in hand		
				0.00	Imprest Account		2,290.00
				29,193,029.36	Balance with Bank	31	84,954,180.00

Dele
 Joint Director (Finance)
 Maharashtra State AIDS
 Control Society, Mumbai.

Signed and authenticated
 V. J. CHOKSI & CO.
 By *[Signature]*

[Signature]
 Project Director
 Maharashtra State AIDS

214,997,690.97

324,559,18

6

By: [Signature]
[Name] & CO

GENERAL FUND

Schedule 29

Grant from NACO to SACS	289,700,000.00	132,800,000.00
Recovery/Deduction of Grants	1,049,718.00	0.00
Total	290,749,718.00	132,800,000.00

Balance with Bank

Schedule 30

Bank 3	11,003,710.97	10,671,624.97
Cheque in Transit	0.00	0.00
Bank 7	18,189,318.39	63,655,904.00
Total	29,193,029.36	74,327,528.97

Funds from Other Sources

Schedule 31

Funds from Other Sources	0.00	3,841,019.00
Total	0.00	3,841,019.00

Printed for identification
 03/09/2011 06:46:28
 3 00

TDS (Salary)	62,880.00	31,620.00
TDS (Others)	62,923.00	142,166.00
Other Recoveries	0.00	9,000.00
Total	125,803.00	182,786.00

Sale of Bid/Tender Documents	35,300.00	40,100.00
Other Receipts	120,437.50	209,122.00
Interest from Bank	4,334,898.00	3,591,981.00
Total	4,490,635.50	3,841,203.00

System Identification
 CHOKSI & CO
 By: *[Signature]*

LOANS AND ADVANCES

Schedule 17

Advance to Others	19,494,493.00	5,176,608.00
Advance to NGOs	56,330,500.00	41,730,954.00
Advance to Staff	2,931,081.00	2,026,540.00
Advance to Autonomous Bodies	32,962,214.00	25,176,788.00
Advance to District Authorities	11,866,786.00	17,343,408.00
Security Deposit (Paid)	24,000.00	129,248.00
Advance to DAPCU	3,477,676.00	10,820,480.00
Inter Unit Fund Transfer	5,255,437.50	1,663.00
Total	132,342,187.50	102,405,689.00

Funds from Other Sources

Schedule 15

Funds from Other Sources	2,107,230.00	0.00
Total	2,107,230.00	0.00

Signed for identification
 CHICKS & CO
 BY: *[Signature]*

FIXED ASSETS

Schedule 16

Furniture , Fixtures & Supplies	98,763.00	325,560.00
Blood Bank Equipments	1,384,675.00	0.00
Office Equipment	240,329.00	85,414.00
Total	1,723,768.00	410,974.00

CURRENT LIABILITIES

Schedule 32

General Provident Fund	39,200.00	0.00
Security / Earnest Deposit (Received)	200,924.00	75,836.00
Other Recoveries	75,498.00	0.00
Total	315,622.00	75,836.00

Signed for identification
 / - CHOXS & CO
 By: 3

Kits and Other Lab Supplies

Schedule 18

HIV Kits	0.00	99,831.00
Other Lab. Supplies	0.00	241,693.00
Consumable Items	897,546.00	585,727.00
Total	897,546.00	927,251.00

Training and Workshops


Schedule 20

Training	4,176,486.00	2,179,469.00
Total	4,176,486.00	2,179,469.00

NGO Services

Schedule 23

NGO Services	45,911.00	102,825.00
NGO Services for Priority Interventions	2,706,160.00	950,244.00
Total	2,752,071.00	1,053,069.00

Signed for Identification
 V. J. JACKS & CO
 BY 

Salary (Pay and Allowances)

Schedule 25

667

Salary	41,371,364.00	21,903,696.00
Honorarium	0.00	334,000.00
Leave Salary & Pension Contributions	2,294,570.00	107,597.00
Medical Expenses	23,347.00	87,894.00
Total	43,689,281.00	22,433,187.00

Maintenance Costs

Schedule 26

Equipment Maintenance	404,647.00	747,591.00
Building Maintenance	218,408.00	360,067.00
Vehicle Maintenance	1,016,675.00	375,562.00
Total	1,639,730.00	1,483,220.00



688

Travelling Expenses	4,244,887.00	2,775,254.00
Rent, Rates & Taxes	449,774.00	571,695.00
Telephone/Communication Expenses	632,564.30	538,461.40
Bank Charges	45,089.00	38,837.21
Miscellaneous Expenses	1,579,653.00	2,943,551.00
Printing & Stationery	2,025,708.00	3,112,355.00
Advertisement (Other than IEC)	830,925.00	426,739.00
Water and Electricity Charges	898,964.00	2,447,500.00
Audit Fees	1,295,068.00	1,275,068.00
Legal Expenses	60.00	552.00
Postage/Courier	371,000.00	862,646.00
Quality Assessment	260,505.00	532,196.00
Other Administration Cost	1,962,756.00	20,620.00
Contractual Services - Companies	2,590,960.00	0.00
Contingency	255,019.00	32,000.00
Total	17,442,932.30	15,577,474.61

Signed for Certification
 CHAKS. S CO
 By: *[Signature]*

69

Bank 3	11,777,481.97	11,003,710.97
Cheque in Transit	0.00	0.00
Bank 7	73,176,701.09	18,189,318.39
Total	84,954,183.06	29,193,029.36

Signed for authentication
CHECKS & CO
By *[Signature]*