



Maharashtra State AIDS Control Society

Government Of Maharashtra

RA Kidwai Marg, Near Wadala OverBridge,
Wadala (West), Mumbai-400031

120

MSACS/Finance/2014-15/9401

Date: - 31st July'2014

To,
Director (F),
Department of AIDS Control (DAC),
New Delhi.

Sub: - Audit Reports and Audited Financial Statements along with
UCs for the financial year 2013-14

Sir,

Please find enclosed Audit Reports, Audited Financial Statements and UCs of New DBS, RCC Rd.II, RCC Rd.IV, GFATM Gd.VII and TI Pool Fund for the financial year 2013-14. Also enclosed combined UC of New DBS & TI Pool fund.

Kindly acknowledge receipt of the same.

Thanking you,

Joint Director (F)
Maharashtra SACS

REPORT OF STATUTORY AUDITORS

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 "New DBS Funds") as of March 31, 2014. These financial statements comprise of the Balance Sheet as on March 31, 2013; Statement of Income & Expenditure and Receipt & Payment Account for the period from April 1, 2013 to March 31, 2014. 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 cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. The same system is adopted in respect of amount of grants / funds spent by the NGO / periphery and other units as well as for accounting of office expenses. Hence, the amount spent by units of society as well as its employees against advance / imprest given to them is accounted for as and when the respective utilization / statement of expenditure are received.

Scope 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 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.



Bases for opinion

We report that -

- 1. 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 period ended March 31, 2014 for the purpose of expressing an opinion on the financial statements disclosed continuing 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) need to improve data collection form, reporting by and oversight of DAPCUs, the district-level nodal units;
- e) timely submission of Statements of expenditure/Utilization certificates by sub-recipient NGOs (including lead NGO) and peripheral units, their verification to confirm the validity of amounts reported and adequacy of the supporting documentation and ultimately 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) in the absence of any internal audit being conducted at MSACS as well as at the lead NGO level and peripheral units level for the period, we are unable to comment on the effectiveness of the system as to the scope and coverage of the audit. As explained by the management the same is under process at several units in a phased manner, however the reports for the same are awaited;
- i) vacancies in sanctioned staff positions not filled also resulting in inadequate control especially lack of segregation of duties 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 HEC 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 to 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
- v) In respect of most of the expenses which have been booked /accounted on the basis of Utilisation Certificate's received from the executing / spending units, we have relied



solely on the statement submitted authenticated by the site / unit implementing officer and / or incharge. In the absence of the supporting documents, which we understand would be subject to audit at the unit, we are unable to comment on the genuineness / reasonableness of the same.

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, 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.

- 2. 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;
- 3. 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;
- 4. 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;
- 5. In the absence of any master record for the running Purchase / Work order, we are unable to comment on the control for the same.



6. In terms of Office Memorandum No. G 25012/4/2008/NACO from NACO referring to the clarification vide DO No. Coord/10(1) 2010/NACO/39576 of March 4, 2012 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 contractual staff employed by peripheral units, lead NGOs and other NGOs. The resulting impact, if any, of the same is not presently ascertainable.
7. 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 regulation; 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 provision of laws and regulations was not an objective of our audit and accordingly, we do not express such an opinion.
8. 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.
9. We have not been able to review whether there is any Business Continuity Plan (BCP) and Disaster recovery policy/ procedures (DRP)
10. We have attested these financial statements as Statutory Auditors subject to approval of the same by the Executive Committee.
11. 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;
12. In respect of Fixed Assets -
 - a) Having regard to the accounting treatment followed during the period 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;
 - b) No provision has been made for depreciation and impairment, if any, of the assets.
 - c) 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.
 - d) Inventory records need to be maintained and periodical physical verification be carried out by persons other than custodians;

We understand that these requirements and other aspects such as depreciation, impairments, adjustment of shortage / excess, if any, are being dealt at NACO level. In the circumstances, we are unable to comment on the value of assets reflected in the financial statements;

13. In respect of payments to employees -
 - a) service book/record of employees on deputation from Government were not available to audit;



- b) documents related to selection process of new appointees was not available to audit; and
- c) there are several positions vacant affecting the discharge of effective procurement functions and segregation of duties by employees in overall functioning of MSACS;

14. 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.

15. 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.

16. 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.

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

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

19. Many advance balances are appearing as such since long and balances of certain reserves is showing a debit balance which needs to be reconciled / adjusted.

20. As regards the matters referred to above in paragraphs 01 to 19 above read with our other observations as attached 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 period ended March 31, 2014 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.

Opinion Paragraph

In our opinion, the financial statements, subject to the foregoing and annexed 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 period ended March 31, 2014, in accordance with consistency



applied accounting standards. These statements have been subjected to auditing procedures applied in the audit of special purpose financial statements and in our opinion and to the best of our information and according to the information and explanations given to us, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole read with our report and other observations thereon.

The information in the Utilisation Certificate is not a required part of the financial statements, but is supplementary information. We have applied certain limited procedures; which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and accordingly, we express no opinion of it.

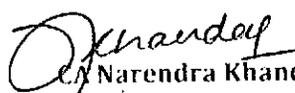
We further report that subject to the aforesaid observations -

- a) 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;
- b) 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;
- c) All expenditure, including procurement of goods and services have been carried out as per the procurement manual of the program;
- d) 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
- e) 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, read along with the observations annexed thereto, 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.

To be read along with other observation annexed.

For MKPS & Associates
Chartered Accountants
Firm's Regn No. 302014E


CA Narendra Khandal
Partner
M No. 065025

Mumbai, July 30, 2014



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

National AIDS Control Project - Phase III

Utilisation Certificate

Certified that an amount of Rs. 326,885,340.00 received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year 2013-14 vide letter No. given below and opening Cash/Bank Balance Rs. 90,069,317.10 (and Current Liabilities of Rs.3,814,064.84)and outstanding Advances for Rs. 103,508,248.79on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. 9,109,705.00. a sum of Rs. 364,562,705.51 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 11,524,556.59 (and Current Liabilities of Rs. 4,139,193.84)and outstanding advances of Rs.153,810,477.79. 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
1)	Recovery/Deduction of Grants Dt.08/05/2013 (Transfer from Pool Fund)	607,340.00
2)	No.T-11017/01A/2013-NACO (F) Dt.02/07/2013	278,922,000.00
3)	PF T-11017/01A/2013-NACO(F) Dt.28/09/2013	53,570,000.00
4)	Recovery/Deduction of Grants Dt.01/01/2014 (Transfer to TI Pool Fund)	- 6,214,000.00
Total		326,885,340.00

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
3. As per report

Countersigned


(Chartered Accountant)




Project Director
Maharashtra State AIDS;
Control Society, Mumbai.


S.N. NASKAR / S.N. NASKAR
Under Secretary / Under Secretary
Department of AIDS Control
Ministry of Health and Family Welfare
Govt. of India
New Delhi / New Delhi

Opening balance of Net Current Assets	Amount (Rs.)
Imprest Account	4,761.00
NEW DBS Bank Code	90,064,556.10
Advance to Others	1,841,960.00
Advance to NGOs	25,806,323.00
Advance to Staff	33,700.00
Advance to Autonomous Bodies	34,151,099.50
Advance to District Authorities	18,160,581.50
NACPIII Advance to Others	5,428,675.00
NACPIII Advance to NGOs	2,314,708.50
NACPIII Advance to Staff	136,294.00
NACPIII Advance to Autonomous Bodies	4,679,841.29
NACPIII Advance to District Authorities	5,955,066.00
Inter Unit Fund Transfer	5,000,000.00
	193,577,565.89
Opening balance of Net Current Liabilities	Amount (Rs.)
Security / Earnest Deposit (Received)	469,078.00
TDS (Others)	152,613.00
NACPIII Security / Earnest Deposit (Received)	1,779,565.09
NACPIII Other Recoveries	-255,375.00
NACPIII Funds from Other Sources	1,668,183.75
	3,814,064.84
Sources of funds	Amount (Rs.)
Grant from NACO to SACS	332,492,000.00
Recovery/Deduction of Grants	-5,606,660.00
	326,885,340.00
Utilisation of funds	Amount (Rs.)
IEC	37,725,987.00
NGO Services	3,867,158.00
Consultants and Consultancy Services	1,970,492.00
Operational Expenses	1,672,624.00
Training	9,680,301.50
Salary	61,622,478.00
Equipment Maintenance	722,144.00
Building Maintenance	128,825.00
Vehicle Maintenance	1,764,758.00
Travelling Expenses	7,798,645.00
Rent, Rates & Taxes	236,276.00
Telephone/Communication Expenses	1,790,722.32
Miscellaneous Expenses	2,692,065.50
Printing & Stationery	2,146,880.50
Leave Salary & Pension Contributions	797,128.00
Advertisement (Other than IEC)	330,852.00



Water and Electricity Charges	2,211,047.00
Audit Fees	569,103.00
NGO Services for Priority Interventions	177,255,798.00
Surveillance	4,579,276.00
Postage/Courier	41,519.00
Quality Assessment	415,216.00
Other Administration Cost	3,208,708.49
Contractual Services - Companies	6,753,949.00
Campaigns	16,422,228.00
Contingency	6,314,882.20
Consumable Items	11,309,029.00
Vehicles	136,500.00
Office Equipment	37,511.00
	364,562,705.51
Bank Interest & Miscellaneous Receipts	Amount (Rs.)
Other Receipts	1,711,537.00
Interest from Bank	7,398,168.00
	9,109,705.00
Current Liabilities	Amount (Rs.)
Security / Earnest Deposit (Received)	883,342.00
TDS (Others)	63,478.00
NACPIII Security / Earnest Deposit (Received)	1,779,565.09
NACPIII Other Recoveries	-255,375.00
NACPIII Funds from Other Sources	1,668,183.75
	4,139,193.84
Closing balance of Net Current Assets	Amount (Rs.)
Imprest Account	4,246.00
NEW DBS Bank Code	11,520,310.59
Advance to Others	544,256.00
Advance to NGOs	22,341,239.00
Advance to Staff	23,062.00
Advance to Autonomous Bodies	55,566,117.00
Advance to District Authorities	17,038,963.00
NACPIII Advance to Others	5,156,347.00
NACPIII Advance to NGOs	2,314,708.50
NACPIII Advance to Staff	136,294.00
NACPIII Advance to Autonomous Bodies	4,084,311.29
NACPIII Advance to District Authorities	5,605,180.00
Inter Unit Fund Transfer	41,000,000.00
	165,335,034.38



Balance Sheet

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	LIABILITIES	Schedule Reference	Figures for the current Period (Rs.)	ASSETS	Schedule Reference	Figures for the current Period (Rs.)
189,763,501.05	GENERAL FUND	01	161,195,840.54	FIXED ASSETS	02	32,408,786.00
	CURRENT LIABILITIES AND PROVISIONS			CURRENT ASSETS, LOANS AND ADVANCES		
2,145,881.09	CURRENT LIABILITIES	0501	2,471,010.09	CURRENT ASSETS	0301	11,524,556.59
32,234,775.00	FIXED ASSET FUND		32,408,786.00	LOANS AND ADVANCES	0401	153,810,477.79
	Funds from Other Sources					
1,668,183.75	CURRENT ASSETS	0301	1,668,183.75			
<u>225,812,340.89</u>			<u>197,743,820.38</u>			<u>197,743,820.38</u>

As per report

D. Chandray
Auditor



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

[Signature]
Project Director
Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

General Fund

Schedule 01

Particulars	Figures in Rupees	
	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Opening grant in aid	189,763,501.05	0.00
Add: Received during the year		
Grant from NACO to SACS	332,492,000.00	345,030,000.00
Recovery/Deduction of Grants	5,606,660.00	113,720,232.84
NACPIII Closure	0.00	50,925,605.95
Less: Utilised during the year		
Grants utilised to the extent of revenue expenditure	355,278,989.51	287,677,562.74
Grants utilised to the extent of fixed asset expenditure	174,011.00	32,234,775.00
Closing grant in aid	161,195,840.54	189,763,501.05

Fixed Asset

Schedule 02

Particulars	Figures in Rupees		
	Opening Balance	Addition	Deletion
Grand Total			



Schedule 03

Funds from Other Sources

Figures in Rupees

Particulars	Opening Balance	Grant Received	Grant Utilised/ Refunded	Closing Balance
Grand Total				



Income And Expenditure Account

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	EXPENDITURE	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
38,497,276.00	IEC		37,725,987.00	2,752,887.10	Other Income	28	9,109,705.00
1,052,476.00	Consultants and Consultancy Services		1,970,492.00	287,677,562.74	Grants utilised to the extent of revenue expenditure		355,278,989.51
4,127,448.00	Surveillance		4,579,276.00				
2,946.00	(SIMS) NACP III expensable		0.00				
7,159,486.50	Kits and Other Lab Supplies	06	11,309,029.00				
18,562,634.00	Training and Workshops	08	26,102,529.50				
142,222,420.00	NGO Services	11	181,122,956.00				
57,010,327.00	Salary (Pay and Allowances)	13	62,419,606.00				
1,683,708.00	Maintenance Costs	14	2,615,727.00				
20,111,728.34	Operational Expenses	15	36,543,092.01				
<u>290,430,449.84</u>			<u>364,388,694.51</u>	<u>290,430,449.84</u>			<u>364,388,694.51</u>

As per report



(Signature)

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

(Signature)

Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

Other Income

Schedule 28

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Sale of Bid/Tender Documents	0.00	21,000.00
Other Receipts	1,711,537.00	486,838.10
Interest from Bank	7,398,168.00	2,245,049.00
Total	9,109,705.00	2,752,887.10

Kits and Other Lab Supplies

Schedule 06

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Consumable Items	11,309,029.00	7,159,486.50
Total	11,309,029.00	7,159,486.50



Training and Workshops

Schedule 08

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Training	9,680,301.50	16,029,379.00
Campaigns	16,422,228.00	2,533,255.00
Total	26,102,529.50	18,562,634.00

NGO Services

Schedule 11

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
NGO Services	3,867,158.00	9,306,969.00
NGO Services for Priority Interventions	177,255,798.00	132,915,451.00
Total	181,122,956.00	142,222,420.00

Salary (Pay and Allowances)

Schedule 13

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	61,622,478.00	56,252,652.00
Leave Salary & Pension Contributions	797,128.00	757,675.00
Total	62,419,606.00	57,010,327.00



Maintenance Costs

Schedule 14

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Equipment Maintenance	722,144.00	487,179.00
Building Maintenance	128,825.00	172,980.00
Vehicle Maintenance	1,764,758.00	1,023,549.00
Total	2,615,727.00	1,683,708.00



Operational Expenses

Schedule 15

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Operational Expenses	1,672,624.00	0.00
Travelling Expenses	7,798,645.00	4,240,169.00
Rent, Rates & Taxes	236,276.00	224,887.00
Telephone/Communication Expenses	1,790,722.32	1,158,921.84
Miscellaneous Expenses	2,692,065.50	3,388,031.50
Printing & Stationery	2,146,880.50	1,812,888.00
Advertisement (Other than IEC)	330,852.00	228,854.00
Water and Electricity Charges	2,571,649.00	2,650,233.00
Audit Fees	569,103.00	1,042,023.00
Postage/Courier	41,519.00	20,561.00
Quality Assessment	415,216.00	651,390.00
Other Administration Cost	3,208,708.49	2,209,300.00
Contractual Services - Companies	6,753,949.00	1,995,447.00
Contingency	6,314,882.20	488,911.00
NACPIII Miscellaneous Expenses	0.00	112.00
Total	36,543,092.01	20,111,728.34

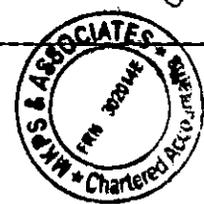


Receipt And Payment Account

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	RECEIPTS	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	PAYMENTS	Schedule Reference	Figures for the current Period (Rs.)
	Opening Balance:			234,555,828.00	LOANS AND ADVANCES	17	287,549,125.20
0.00	Imprest Account		4,761.00	0.00	GENERAL FUND	13	5,606,660.00
0.00	Balance with Bank	30	90,064,556.10	1,832,754.00	FIXED ASSETS	16	58,011.00
0.00	LOANS AND ADVANCES	17	728,901.50	0.00	CURRENT LIABILITIES	32	89,135.00
458,750,232.84	GENERAL FUND	29	332,492,000.00	1,247,347.00	Kits and Other Lab Supplies	18	1,533,777.00
621,691.00	CURRENT LIABILITIES	32	414,264.00	11,066,819.00	Training and Workshops	20	6,285,762.00
5,339.00	Operational Expenses	43	0.00	7,533,841.00	NGO Services	23	4,764,151.00
2,752,887.10	Other Income	56	9,291,715.00	56,959,802.00	Salary (Pay and Allowances)	25	62,398,906.00
<u>462,130,149.94</u>			<u>432,996,197.60</u>	1,297,904.00	Maintenance Costs	26	1,307,872.00
				15,917,695.84	Operational Expenses	27	17,504,840.81
				37,330,366.00	IEC		32,128,863.00
				838,544.00	Consultants and Consultancy Services		1,970,492.00
				3,479,932.00	Surveillance		274,046.00
					Closing Balance:		
				4,761.00	Imprest Account		4,246.00
				90,064,556.10	Balance with Bank	31	11,520,310.59

As per the post



[Signature]

[Signature]
 Joint Director (Finance)
 Maharashtra State AIDS;
 Control Society, Mumbai.

[Signature]
 Project Director
 Maharashtra State AIDS;
 Control Society, Mumbai.

Maharashtra - NDCS

LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
NACPIII Advance to Others	50,000.00	0.00
NACPIII Advance to Autonomous Bodies	577,901.50	0.00
NACPIII Advance to District Authorities	101,000.00	0.00
Total	728,901.50	0.00

GENERAL FUND

Schedule 29

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Grant from NACO to SACS	332,492,000.00	345,030,000.00
Recovery/Deduction of Grants	0.00	113,720,232.84
Total	332,492,000.00	458,750,232.84

Balance with Bank

Schedule 30

Particulars	As at 31-Mar-13 (Rs.)	As at 31-Mar-12 (Rs.)
NEW DBS Bank Code	90,064,556.10	0.00
Total	90,064,556.10	0.00



CURRENT LIABILITIES

Schedule 32

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Security / Earnest Deposit (Received)	414,264.00	469,078.00
TDS (Others)	0.00	152,613.00
Total	414,264.00	621,691.00

Operational Expenses

Schedule 43

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Postage/Courier	0.00	5,339.00
Total	0.00	5,339.00

Other Income

Schedule 56

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Sale of Bid/Tender Documents	0.00	21,000.00
Other Receipts	1,893,547.00	486,838.10
Interest from Bank	7,398,168.00	2,245,049.00
Total	9,291,715.00	2,752,887.10



LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to Others	1,774,329.00	4,322,669.00
Advance to NGOs	172,252,240.00	151,764,830.00
Advance to Staff	1,308,874.00	2,644,966.00
Advance to Autonomous Bodies	54,801,133.70	45,639,555.00
Advance to District Authorities	21,412,548.50	25,183,808.00
Inter Unit Fund Transfer	36,000,000.00	5,000,000.00
Total	287,549,125.20	234,555,828.00

GENERAL FUND

Schedule 13

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Recovery/Deduction of Grants	5,606,660.00	0.00
Total	5,606,660.00	0.00



FIXED ASSETS

Schedule 16

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Furniture, Fixtures & Supplies	0.00	87,840.00
Blood Bank Equipments	0.00	1,629,708.00
Vehicles	20,500.00	0.00
Office Equipment	37,511.00	115,206.00
Total	58,011.00	1,832,754.00

CURRENT LIABILITIES

Schedule 32

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
TDS (Others)	89,135.00	0.00
Total	89,135.00	0.00

Kits and Other Lab Supplies

Schedule 18

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Consumable Items	1,533,777.00	1,247,347.00
Total	1,533,777.00	1,247,347.00



Training and Workshops

Schedule 20

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Training	6,285,762.00	11,066,819.00
Total	6,285,762.00	11,066,819.00

NGO Services

Schedule 23

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
NGO Services	2,365,299.00	527,110.00
NGO Services for Priority Interventions	2,398,852.00	7,006,731.00
Total	4,764,151.00	7,533,841.00

Salary (Pay and Allowances)

Schedule 25

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	61,601,778.00	56,202,127.00
Leave Salary & Pension Contributions	797,128.00	757,675.00
Total	62,398,906.00	56,959,802.00



Maintenance Costs

Schedule 26

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Equipment Maintenance	722,144.00	487,179.00
Building Maintenance	128,825.00	172,980.00
Vehicle Maintenance	456,903.00	637,745.00
Total	1,307,872.00	1,297,904.00



Operational Expenses

Schedule 27

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Operational Expenses	1,672,624.00	0.00
Travelling Expenses	4,532,677.00	3,029,357.00
Rent, Rates & Taxes	236,276.00	224,887.00
Telephone/Communication Expenses	805,265.32	828,492.84
Miscellaneous Expenses	1,806,961.00	3,109,280.00
Printing & Stationery	1,303,590.00	1,496,968.00
Advertisement (Other than IEC)	330,852.00	228,854.00
Water and Electricity Charges	2,571,649.00	2,650,233.00
Audit Fees	569,103.00	1,042,023.00
Postage/Courier	12,676.00	0.00
Quality Assessment	337,959.00	639,390.00
Other Administration Cost	3,208,708.49	2,209,300.00
Contingency	116,500.00	458,911.00
Total	17,504,840.81	15,917,695.84

Balance with Bank

Schedule 31

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
NEW DBS Bank Code	11,520,310.59	90,064,556.10
Total	11,520,310.59	90,064,556.10



REPORT OF STATUTORY AUDITORS

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 "TI Pool Funds") as of March 31, 2014. These financial statements comprise of the Balance Sheet as on March 31, 2014; Statement of Income & Expenditure and Receipt & Payment Account for the year from April 1, 2013 to March 31, 2014. 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 cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred.

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 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.



Bases for opinion

We report that -

- 1 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, 2014 for the purpose of expressing an opinion on the financial statements disclosed continuing 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) need to improve data collection form, reporting by and oversight of DAPCUs, the district-level nodal units;
- e) timely submission of Statements of expenditure/Utilization certificates by sub-recipient NGOs (including lead NGO) and peripheral units, their verification to confirm the validity of amounts reported and adequacy of the supporting documentation and ultimately 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) in the absence of any internal audit being conducted at MSACS as well as at the lead NGO level and peripheral units level for the year, we are unable to comment on the effectiveness of the system as to the scope and coverage of the audit;
- i) vacancies in sanctioned staff positions not filled also resulting in inadequate control especially lack of segregation of duties 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 to 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 and impact of adjustment of old advances (in certain cases going back to FY 2008-09) during the period
- v) In respect of most of the expenses which have been booked /accounted on the basis of Utilisation Certificate's received from the executing / spending units, we have relied solely on the statement submitted authenticated by the site / unit implementing officer



and / or incharge. In the absence of the supporting documents, which we understand would be subject to audit at the unit, we are unable to comment on the genuineness / reasonableness of the same.

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, 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.

- 2. 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;
- 3. 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;
- 4. 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;
- 5. There have been no fresh procurement in the year covered under audit. However, in the absence of any master record for the running Purchase / Work order, we are unable to comment on the existing contracts, if any, remaining to be executed.



- 6. In terms of Office Memorandum No. G 25012/4/2008/NACO from NACO referring to the clarification vide DO No. Coord/10(1) 2010/NACO/39576 of March 4, 2012 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 contractual staff employed by peripheral units, lead NGOs and other NGOs. The resulting impact, if any, of the same is not presently ascertainable.
- 7. 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 regulation; 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 provision of laws and regulations was not an objective of our audit and accordingly, we do not express such an opinion.
- 8. 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.
- 9. We have not been able to review whether there is any Business Continuity Plan (BCP) and Disaster recovery policy/ procedures (DRP)
- 10. We have attested these financial statements as Statutory Auditors subject to approval of the same by the Executive Committee.
- 11. 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;
- 12. 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 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;



We understand that these requirements and other aspects such as depreciation, impairments, adjustment of shortage / excess, if any, are being dealt at NACO level. In the circumstances, we are unable to comment on the value of assets reflected in the financial statements;

13. In respect of payments to employees –
 - a) service book/record of employees on deputation from Government were not available to audit;
 - b) documents related to selection process of new appointees was not available to audit;and
 - c) there are several positions vacant affecting the discharge of effective procurement functions and segregation of duties by employees in overall functioning of MSACS;
14. 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.
15. 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.
16. 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.
17. We did not audit management's comments, where provided, and accordingly, we express no opinion on additional inputs provided therein by management on them.
18. Significant Accounting Policies are not disclosed as required under AS-1;
19. Many advance balances are appearing as such since long, and balances of certain reserves is showing a debit balance which needs to be reconciled / adjusted.
20. As regards the matters referred to above in paragraphs 01 to 19 above read with our other observations as attached 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, 2014 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

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, 2014, 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 -

- a) 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;
- b) 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;
- c) All expenditure, including procurement of goods and services have been carried out as per the procurement manual of the program;
- d) 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
- e) The expenditures reported as per the quarterly FMR also are in agreement with the audited expenditure./ books of accounts and variances are documented

As explained by the management, the activities in the fund has been closed / transferred to other fund, we have broadly checked the transfer entries thereof, the losses arising on account of the non realization of advances transferred or liabilities paid in excess or the impact of other transfers on the position of the fund is not ascertainable as on the date of audit.

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.

For MKPS & Associates
Chartered Accountants
Firm's Regn No. 302014E


CA Narendra Khandal
Partner
M No. 065025



Mumbai, July 30, 2014

Utilisation Certificate

Certified that an amount of Rs. **6,214,000.00** received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year **2013-14** vide letter No. given below and opening Cash/Bank Balance Rs. **0.00** (and Current Liabilities of Rs.**0.00**)and outstanding Advances for Rs. **0.00**on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. **0.00**. a sum of Rs. **7,595,664.00** has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. **128,817.00** (and Current Liabilities of Rs. **13,992.00**)and outstanding advances of Rs.-**1,496,489.00**. 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
1)	Recovery/ Deduction of Grants Dt.01/012014	6,214,000.00
	Total	6,214,000.00

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

Kinds of checks exercised

1. Statement of Expenditures
2. Annual Financial Statements

As per report

Countersigned

[Signature]
(Chartered Accountant)

30/07/14



[Signature]
Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

[Signature]
एन.एन. नरकर / S.N. NASKAR
असल सचिव / Under Secretary
स्वास्थ्य विभाग / Department of AIDS Control
सामाजिक एवं कुटुंब कल्याण विभाग
Ministry of Health and Family Welfare
नारायण नगर / Govt. of India
नई दिल्ली / New Delhi

Sources of funds	Amount (Rs.)
Recovery/Deduction of Grants	6,214,000.00
	6,214,000.00
Utilisation of funds	Amount (Rs.)
OI Drugs	2,170.00
Salary	906,632.00
Travelling Expenses	48,007.00
Rent, Rates & Taxes	193,430.00
Telephone/Communication Expenses	26,010.00
Honorarium	138,999.00
Printing & Stationery	4,160,713.00
NGO Services for Priority Interventions	1,758,958.00
Need Based Assistance	1,000.00
Campaigns	347,145.00
Meeting Expenses	12,600.00
	7,595,664.00
Current Liabilities	Amount (Rs.)
TDS (Others)	13,992.00
	13,992.00
Closing balance of Net Current Assets	Amount (Rs.)
TIPF-Bank	128,817.00
Advance to NGOs	13,503,511.00
Inter Unit Fund Transfer	-15,000,000.00
	-1,367,672.00



Balance Sheet

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	LIABILITIES	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	ASSETS	Schedule Reference	Figures for the current Period (Rs.)
0.00	GENERAL FUND	01	(1,381,664.00)		CURRENT ASSETS, LOANS AND ADVANCES		128,817.00
0.00	CURRENT LIABILITIES AND PROVISIONS		13,992.00	0.00	CURRENT ASSETS	0301	
0.00	CURRENT LIABILITIES	0501	(1,367,672.00)	0.00	LOANS AND ADVANCES	0401	-1,496,489.00
				0.00			(1,367,672.00)

As per our report

Pranand
Auditor

30/03/14



[Signature]
Joint Director (Finance)

Maharashtra State AIDS;
Control Society, Mumbai.

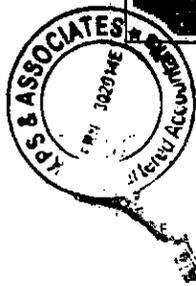
[Signature]
Project Director

Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

General Fund

Schedule 01

Particulars	Figures in Rupees	
	As at 31-Mar-14 (Rs)	As at 31-Mar-13 (Rs)
Opening grant in aid	0.00	0.00
Add: Received during the year	6,214,000.00	0.00
Recovery/Deduction of Grants	6,214,000.00	0.00
Less: Utilised during the year	7,595,664.00	0.00
Grants utilised to the extent of revenue expenditure	7,595,664.00	0.00
Closing grant in aid	1,381,664.00	0.00



Fixed Asset

Schedule 02

Particulars	Figures in Rupees		
	Opening Balance	Addition	Deletion
Grand Total			

Schedule 03

Funds from Other Sources

Figures in Rupees

Particulars	Opening Balance	Grant Received	Grant Utilised/ Refunded	Closing Balance
Grand Total				



CURRENT ASSETS

Schedule 0301

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
TIPF-Bank	128,817.00	0.00
Total	128,817.00	0.00

LOANS AND ADVANCES

Schedule 0401

Figures in Rupees

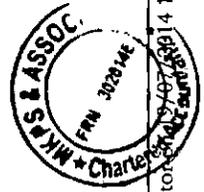
Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to NGOs	13,503,511.00	0.00
Inter Unit Fund Transfer	-15,000,000.00	0.00
Total	-1,496,489.00	0.00

CURRENT LIABILITIES

Schedule 0501

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
TDS (Others)	13,992.00	0.00
Total	13,992.00	0.00



Income And Expenditure Account

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	EXPENDITURE	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
0.00	Medicines	07	2,170.00	0.00	Grants utilised to the extent of revenue expenditure		7,595,664.00
0.00	Training and Workshops	08	347,145.00				
0.00	NGO Services	11	1,758,958.00				
0.00	Salary (Pay and Allowances)	13	1,045,631.00				
0.00	Maintenance Costs	14	1,000.00				
0.00	Operational Expenses	15	4,440,760.00				
0.00		NULL	12,600.00				
0.00			7,595,664.00	0.00			7,595,664.00

As per our report



M. Khandal
30/03/14

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

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Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

Medicines

Schedule 07

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
OT Drugs	2,170.00	0.00
Total	2,170.00	0.00

Training and Workshops

Schedule 08

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Campaigns	347,145.00	0.00
Total	347,145.00	0.00

NGO Services

Schedule 11

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
NGO Services for Priority Interventions	1,758,958.00	0.00
Total	1,758,958.00	0.00



Salary (Pay and Allowances)

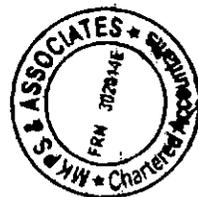
Schedule 13

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	906,632.00	0.00
Honorarium	138,999.00	0.00
Total	1,045,631.00	0.00

Maintenance Costs

Schedule 14

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Need Based Assistance	1,000.00	0.00
Total	1,000.00	0.00



Operational Expenses

Schedule 15

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Travelling Expenses	48,007.00	0.00
Rent, Rates & Taxes	193,430.00	0.00
Telephone/Communication Expenses	26,010.00	0.00
Printing & Stationery	4,160,713.00	0.00

Schedule NULL

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Meeting Expenses	12,600.00	0.00
Total	12,600.00	0.00





National AIDS Control Project - Phase III

Receipt And Payment Account

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	RECEIPTS	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	PAYMENTS	Schedule Reference	Figures for the current Period (Rs.)
0.00	LOANS AND ADVANCES	17	15,000,000.00	0.00	LOANS AND ADVANCES	17	14,352,225.00
0.00	GENERAL FUND	29	6,214,000.00	0.00	Training and Workshops	20	272,420.00
0.00	CURRENT LIABILITIES	32	13,992.00	0.00	NGO Services	23	1,758,958.00
0.00			<u>21,227,992.00</u>	0.00	Salary (Pay and Allowances)	25	412,526.00
				0.00	Operational Expenses	27	4,303,046.00
				0.00	Closing Balance:		
				<u>0.00</u>	Balance with Bank	31	128,817.00
				<u>0.00</u>			<u>21,227,992.00</u>

As per Oves report



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30/03/14

Bule

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

[Signature]

Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

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Maharashtra - TI Pool fund

LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Inter Unit Fund Transfer	15,000,000.00	0.00
Total	15,000,000.00	0.00

GENERAL FUND

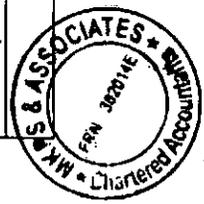
Schedule 29

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Recovery/Deduction of Grants	6,214,000.00	0.00
Total	6,214,000.00	0.00

CURRENT LIABILITIES

Schedule 32

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
TDS (Others)	13,992.00	0.00
Total	13,992.00	0.00



LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to NGOs	14,352,225.00	0.00
Total	14,352,225.00	0.00

Training and Workshops

Schedule 20

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Campaigns	272,420.00	0.00
Total	272,420.00	0.00

NGO Services

Schedule 23

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
NGO Services for Priority Interventions	1,758,958.00	0.00
Total	1,758,958.00	0.00



Salary (Pay and Allowances)

Schedule 25

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	412,526.00	0.00
Total	412,526.00	0.00

Operational Expenses

Schedule 27

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Travelling Expenses	22,853.00	0.00
Rent, Rates & Taxes	123,830.00	0.00
Printing & Stationery	4,156,363.00	0.00
Total	4,303,046.00	0.00

Balance with Bank

Schedule 31

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
TIPF-Bank	128,817.00	0.00
Total	128,817.00	0.00



REPORT OF STATUTORY AUDITORS

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 GFATM Rolling Continuation Channel Round 2 for brevity's sake referred to as "RCC Round 2" as of March 31, 2014. These financial statements comprise of the Balance Sheet as on March 31, 2014; Statement of Income & Expenditure and Receipt & Payment Account for the period from April 1, 2013 to March 31, 2014. 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 cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. The same system is adopted in respect of amount of grants / funds spent by the NGO / periphery and other units as well as for accounting of office expenses. Hence, the amount spent by units of society as well as its employees against advance / imprest given to them is accounted for as and when the respective utilization / statement of expenditure are received.

Scope 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 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. a

Bases for opinion

We report that -

- i. 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 period ended March 31, 2014 for the purpose of expressing an opinion on the financial statements disclosed continuing 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) need to improve data collection form, reporting by and oversight of DAPCUs, the district-level nodal units;
- e) timely submission of Statements of expenditure/Utilization certificates by sub-recipient NGOs (including lead NGO) and peripheral units, their verification to confirm the validity of amounts reported and adequacy of the supporting documentation and



- ultimately 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) absence of any internal audit being conducted at MSACS as well as at the lead NGO level and peripheral units level for the period, we are unable to comment on the effectiveness of the system as to the scope and coverage of the audit. As explained by the management the same is under process at several units in a phased manner, however the reports for the same are awaited;
- i) vacancies in sanctioned staff positions not filled also resulting in inadequate control especially lack of segregation of duties 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);
 - 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 to 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



- v) In respect of most of the expenses which have been booked /accounted on the basis of Utilisation Certificate's received from the executing / spending units, we have relied solely on the statement submitted authenticated by the site / unit implementing officer and / or incharge. In the absence of the supporting documents, which we understand would be subject to audit at the unit, we are unable to comment on the genuineness / reasonableness of the same.

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, 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.

2. 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;
3. 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;
4. 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;
5. In the absence of any master record for the running Purchase / Work order, we are unable to comment on the control for the same.



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6. In terms of Office Memorandum No. G 25012/4/2008/NACO from NACO referring to the clarification vide DO No. Coord/10(1) 2010/NACO/39576 of March 4, 2012 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 contractual staff employed by peripheral units, lead NGOs and other NGOs. The resulting impact, if any, of the same is not presently ascertainable.
7. 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 regulation; 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 provision of laws and regulations was not an objective of our audit and accordingly, we do not express such an opinion.
8. 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.
9. We have not been able to review whether there is any Business Continuity Plan (BCP) and Disaster recovery policy/ procedures (DRP)
10. We have attested these financial statements as Statutory Auditors subject to approval of the same by the Executive Committee.
11. 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;
12. In respect of Fixed Assets -
 - a) Having regard to the accounting treatment followed during the period 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;
 - b) No provision has been made for depreciation and impairment, if any, of the assets.
 - c) 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.
 - d) Inventory records need to be maintained and periodical physical verification be carried out by persons other than custodians;

We understand that these requirements and other aspects such as depreciation, impairments, adjustment of shortage / excess, if any, are being dealt at NACO level. In the circumstances, we are unable to comment on the value of assets reflected in the financial statements;

13. In respect of payments to employees -



- a) service book/record of employees on deputation from Government were not available to audit;
 - b) documents related to selection process of new appointees was not available to audit;and
 - c) there are several positions vacant affecting the discharge of effective procurement functions and segregation of duties by employees in overall functioning of MSACS;
14. 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.
 15. 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.
 16. 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.
 17. We did not audit management's comments, where provided, and accordingly, we express no opinion on additional inputs provided therein by management on them.
 18. Significant Accounting Policies are not disclosed as required under AS-1;
 19. As regards the matters referred to above in paragraphs 01 to 18 above read with our other observations as attached 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 period ended March 31, 2014 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.

Opinion Paragraph

In our opinion, the financial statements, subject to the foregoing and annexed 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 period ended March 31, 2014, in accordance with consistency applied accounting standards. These statements have been subjected to auditing procedures



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applied in the audit of special purpose financial statements and in our opinion and to the best of our information and according to the information and explanations given to us, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole read with our report and other observations thereon.

The information in the Utilisation Certificate is not a required part of the financial statements, but is supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and accordingly, we express no opinion of it.

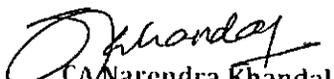
We further report that subject to the aforesaid observations -

- a) 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;
- b) 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;
- c) All expenditure, including procurement of goods and services have been carried out as per the procurement manual of the program;
- d) 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
- e) 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, read along with observation annexed thereto, 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.

To be read along with other observation annexed.

For MKPS & Associates
Chartered Accountants
Firm's Regn No. 302014E


CA Narendra Khandal
Partner
M No. 065025



Mumbai, July 30, 2014

Utilisation Certificate

Certified that an amount of Rs. 208,717,000.00 received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year 2013-14 vide letter No. given below and opening Cash/Bank Balance Rs. 5,576,476.63 (and Current Liabilities of Rs.1,206,546.00)and outstanding Advances for Rs. 16,605,775.50 on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. 5,419,818.00. a sum of Rs. 226,531,699.50 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 18,133,492.13 (and Current Liabilities of Rs. 1,395,411.00)and outstanding advances of Rs.-8,157,256.50. 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
1)	M-18017/3/2013-NACO (RCC-II) Dt. 03/07/2013	110,460,000.00
2)	M-18017/3/2013-NACO (RCC-II) Dt. 30/09/2013	98,257,000.00
	Total	208,717,000.00

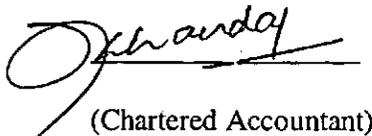
2.Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised

1. Statement of Expenditures
2. Annual Financial Statements

As per report

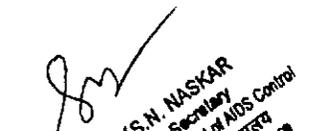
Countersigned


(Chartered Accountant)

20/07/14




Project Director
(Project Director)
Maharashtra State AIDS;
Control Society, Mumbai.


एस.एन. नास्कार / S.N. NASKAR
अवर सचिव / Under Secretary
स्वास्थ्य विभाग / Department of AIDS Control
विभाग, स्वास्थ्य एवं परिवार कल्याण विभाग
Ministry of Health and Family Welfare
महाराष्ट्र सरकार / Govt. of India
नई दिल्ली / New Delhi

Opening balance of Net Current Assets	Amount (Rs.)
Bank 1	5,576,476.63
Advance to NGOs	59,936.50
Advance to Staff	21,813.00
Advance to District Authorities	21,524,026.00
Inter Unit Fund Transfer	-5,000,000.00
	<u>22,182,252.13</u>
Opening balance of Net Current Liabilities	Amount (Rs.)
Security / Earnest Deposit (Received)	1,171,955.00
TDS (Others)	34,591.00
	<u>1,206,546.00</u>
Sources of funds	Amount (Rs.)
Grant from NACO to SACS	208,717,000.00
	<u>208,717,000.00</u>
Utilisation of funds	Amount (Rs.)
Workshops	15,000.00
Training	19,509,536.00
Salary	172,208,845.00
Vehicle Maintenance	513,119.00
Travelling Expenses	4,908,707.00
Honorarium	458,216.00
Bank Charges	2,261.00
Expenses on ICTC centre set up and maintenance	24,141,331.50
Review Meeting and Supervision of Councillors	3,459,920.00
Office Equipment	1,314,764.00
	<u>226,531,699.50</u>
Bank Interest & Miscellaneous Receipts	Amount (Rs.)
Sale of Bid/Tender Documents	18,000.00
Testing Fee from Patients	76,450.00
Other Receipts	4,088,238.00
Interest from Bank	1,237,130.00
	<u>5,419,818.00</u>
Current Liabilities	Amount (Rs.)
Security / Earnest Deposit (Received)	1,395,411.00
	<u>1,395,411.00</u>
Closing balance of Net Current Assets	Amount (Rs.)
Bank 1	18,133,492.13
Advance to NGOs	59,936.50
Advance to Staff	21,813.00
Advance to District Authorities	16,760,994.00
Inter Unit Fund Transfer	-25,000,000.00



Balance Sheet

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	LIABILITIES	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	ASSETS	Schedule Reference	Figures for the current Period (Rs.)
20,975,706.13	GENERAL FUND	01	8,580,824.63	30,645,622.00	FIXED ASSETS	02	31,960,386.00
1,206,546.00	CURRENT LIABILITIES AND PROVISIONS		1,395,411.00	5,576,476.63	CURRENT ASSETS, LOANS AND ADVANCES		18,133,492.13
30,645,622.00	CURRENT LIABILITIES	0501	31,960,386.00	16,605,775.50	CURRENT ASSETS	0301	-8,157,256.50
52,827,874.13	FIXED ASSET FUND		41,936,621.63	52,827,874.13	LOANS AND ADVANCES	0401	
							41,936,621.63

As per our report

[Signature]
 Joint Director (Finance)
 Maharashtra State AIDS;
 Control Society, Mumbai.

[Signature]
 Project Director
 Maharashtra State AIDS;
 Control Society, Mumbai.

[Signature]
 Auditor
 30/03/14


Schedule 01

General Fund

Particulars	Figures in Rupees	
	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Opening grant in aid	20,975,706.13	54,270,897.63
Add: Received during the year		
Grant from NACO to SACS	208,717,000.00	191,308,000.00
Less: Utilised during the year		
Grants utilised to the extent of revenue expenditure	219,797,117.50	224,603,191.50
Grants utilised to the extent of fixed asset expenditure	1,314,764.00	0.00
Closing grant in aid	8,580,824.63	20,975,706.13

Schedule 02

Fixed Asset

Particulars	Figures in Rupees		
	Opening Balance	Addition	Deletion
Equipment (Other) (2204)	3,819,568.00	0.00	0.00
Office Equipment (2206)	20,037,231.00	1,314,764.00	0.00
Vehicles (2205)	6,788,823.00	0.00	0.00
Grand Total	30,645,622.00	1,314,764.00	0.00
			Closing Balance
			3,819,568.00
			21,351,995.00
			6,788,823.00
			31,960,386.00



Schedule 03

Funds from Other Sources

Figures in Rupees

Particulars	Opening Balance	Grant Received	Grant Utilised/ Refunded	Closing Balance
Grand Total				



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CURRENT ASSETS

Schedule 0301

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Bank I	18,133,492.13	5,576,476.63
Total	18,133,492.13	5,576,476.63

LOANS AND ADVANCES

Schedule 0401

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to NGOs	59,936.50	59,936.50
Advance to Staff	21,813.00	21,813.00
Advance to District Authorities	16,760,994.00	21,524,026.00
Inter Unit Fund Transfer	-25,000,000.00	-5,000,000.00
Total	-8,157,256.50	16,605,775.50

CURRENT LIABILITIES

Schedule 0501

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Security / Earnest Deposit (Received)	1,395,411.00	1,171,955.00
TDS (Others)	0.00	34,591.00
Total	1,395,411.00	1,206,546.00



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Maharashtra SACS - GLOBAL FUND RCC-II

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

National AIDS Control Project - Phase III

Income And Expenditure Account

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	EXPENDITURE	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
39,917.00	Kits and Other Lab Supplies	06	0.00	1,972,696.50	Other Income	28	5,419,818.00
16,418,460.00	Training and Workshops	08	19,524,536.00	224,603,191.50	Grants utilised to the extent of revenue expenditure		219,797,117.50
1,178,449.00	NGO Services	11	0.00				
80,523.00	Operational and Other Research	12	0.00				
159,293,052.00	Salary (Pay and Allowances)	13	172,667,061.00				
44,838,711.00	Maintenance Costs	14	24,654,450.50				
4,726,776.00	Operational Expenses	15	8,370,888.00				
226,575,888.00			225,216,935.50	226,575,888.00			225,216,935.50

As per the report

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

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

Pranav
 30/03/14



Other Income

Schedule 28

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Sale of Bid/Tender Documents	18,000.00	9,000.00
Testing Fee from Patients	76,450.00	0.00
Other Receipts	4,088,238.00	831,440.50
Interest from Bank	1,237,130.00	1,132,256.00
Total	5,419,818.00	1,972,696.50

Kits and Other Lab Supplies

Schedule 06

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
HIV Kits	0.00	39,917.00
Total	0.00	39,917.00



Training and Workshops

Schedule 08

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Workshops	15,000.00	0.00
Training	19,509,536.00	16,418,460.00
Total	19,524,536.00	16,418,460.00

NGO Services

Schedule 11

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
NGO Services for Priority Interventions	0.00	1,178,449.00
Total	0.00	1,178,449.00

Operational and Other Research

Schedule 12

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Operational Research	0.00	80,523.00
Total	0.00	80,523.00



Salary (Pay and Allowances)

Schedule 13

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	172,208,845.00	159,293,052.00
Honorarium	458,216.00	0.00
Total	172,667,061.00	159,293,052.00

Maintenance Costs

Schedule 14

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Equipment Maintenance	0.00	24,505.00
Vehicle Maintenance	513,119.00	93,462.00
Expenses on ICTC centre set up and maintenance	24,141,331.50	44,720,744.00
Total	24,654,450.50	44,838,711.00



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Operational Expenses

Schedule 15

Particulars	As at 31-Mar-14 (Rs)	As at 31-Mar-13 (Rs)
Travelling Expenses	4,908,707.00	1,340,191.00
Bank Charges	2,261.00	264.00
Review Meeting and Supervision of Councillors	3,459,920.00	3,386,321.00
Total	8,370,888.00	4,726,776.00



Receipt And Payment Account

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	RECEIPTS	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	PAYMENTS	Schedule Reference	Figures for the current Period (Rs.)
	Opening Balance:				LOANS AND ADVANCES	17	18,466,812.50
0.00	Cash in hand		0.00	0.00	FIXED ASSETS	16	1,314,764.00
0.00	Imprest Account		0.00	3,016,195.00	CURRENT LIABILITIES	32	34,591.00
15,965,474.13	Balance with Bank	30	5,576,476.63	2,304,497.00	Training and Workshops	20	13,978,693.00
5,183,284.00	LOANS AND ADVANCES	17	20,000,000.00	154,630,385.00	Salary (Pay and Allowances)	25	172,667,061.00
191,308,000.00	GENERAL FUND	29	208,717,000.00	39,425,741.00	Maintenance Costs	26	14,835,481.00
34,591.00	CURRENT LIABILITIES	32	223,456.00	1,000,095.00	Operational Expenses	27	505,856.00
1,722,287.50	Other Income	56	5,419,818.00		Closing Balance:		0.00
<u>214,213,636.63</u>			<u>239,936,750.63</u>	0.00	Cash in hand		0.00
				0.00	Imprest Account		0.00
				5,576,476.63	Balance with Bank	31	18,133,492.13
				<u>214,213,636.63</u>			<u>239,936,750.63</u>

As per our report



S. Phanday
20/03/14

Shule

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

S. P.

Project Director
Maharashtra State AIDS;
Control Society, Mumbai, page 1 of 6

LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to Others	0.00	154,000.00
Advance to NGOs	0.00	29,284.00
Inter Unit Fund Transfer	20,000,000.00	5,000,000.00
Total	20,000,000.00	5,183,284.00

GENERAL FUND

Schedule 29

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Grant from NACO to SACS	208,717,000.00	191,308,000.00
Total	208,717,000.00	191,308,000.00

Balance with Bank

Schedule 30

Particulars	As at 31-Mar-13 (Rs.)	As at 31-Mar-12 (Rs.)
Bank I	5,576,476.63	15,965,474.13
Cheque in Transit	0.00	0.00
Total	5,576,476.63	15,965,474.13



CURRENT LIABILITIES

Schedule 32

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Security / Earnest Deposit (Received)	223,456.00	0.00
TDS (Others)	0.00	34,591.00
Total	223,456.00	34,591.00

Other Income

Schedule 56

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Sale of Bid/Tender Documents	18,000.00	9,000.00
Testing Fee from Patients	76,450.00	0.00
Other Receipts	4,088,238.00	581,031.50
Interest from Bank	1,237,130.00	1,132,256.00
Total	5,419,818.00	1,722,287.50

LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to Staff	0.00	5,051.00
Advance to District Authorities	18,466,812.50	8,255,196.00
Total	18,466,812.50	8,260,247.00



FIXED ASSETS

Schedule 16

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Office Equipment	1,314,764.00	0.00
Total	1,314,764.00	0.00

CURRENT LIABILITIES

Schedule 32

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Security / Earnest Deposit (Received)	0.00	1,420,695.00
TDS (Others)	34,591.00	0.00
Other Recoveries	0.00	1,595,500.00
Total	34,591.00	3,016,195.00

Training and Workshops

Schedule 20

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Training	13,978,693.00	2,304,497.00
Total	13,978,693.00	2,304,497.00



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Salary (Pay and Allowances)

Schedule 25

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	172,208,845.00	154,630,385.00
Honorarium	458,216.00	0.00
Total	172,667,061.00	154,630,385.00

Maintenance Costs

Schedule 26

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Vehicle Maintenance	49,250.00	58,320.00
Expenses on ICTC centre set up and maintenance	14,786,231.00	39,367,421.00
Total	14,835,481.00	39,425,741.00

Operational Expenses

Schedule 27

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Travelling Expenses	494,595.00	780,640.00
Bank Charges	2,261.00	264.00
Review Meeting and Supervision of Councillors	9,000.00	219,191.00
Total	505,856.00	1,000,095.00



Balance with Bank

Schedule 31

Particulars	As at 31-Mar-14 (Rs)	As at 31-Mar-13 (Rs)
Bank 1	18,133,492.13	5,576,476.63
Cheque in Transit	0.00	0.00
Total	18,133,492.13	5,576,476.63



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REPORT OF STATUTORY AUDITORS

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 GFATM Rolling Continuation Channel Round 4 for brevity's sake referred to as "RCC Round 4" as of March 31, 2014. These financial statements comprise of the Balance Sheet as on March 31, 2014; Statement of Income & Expenditure and Receipt & Payment Account for the period from April 1, 2013 to March 31, 2014. 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 cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. The same system is adopted in respect of amount of grants / funds spent by the NGO / periphery and other units as well as for accounting of office expenses. Hence, the amount spent by units of society as well as its employees against advance / imprest given to them is accounted for as and when the respective utilization / statement of expenditure are received.

Scope 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 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.



Bases for opinion

We report that -

- 1. 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 period ended March 31, 2014 for the purpose of expressing an opinion on the financial statements disclosed continuing 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) need to improve data collection form, reporting by and oversight of DAPCUs, the district-level nodal units;
- e) timely submission of Statements of expenditure/Utilization certificates by sub-recipient NGOs (including lead NGO) and peripheral units, their verification to confirm the validity of amounts reported and adequacy of the supporting documentation and ultimately 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) absence of any internal audit being conducted at MSACS as well as at the lead NGO level and peripheral units level for the period, we are unable to comment on the effectiveness of the system as to the scope and coverage of the audit. As explained by the management the same is under process at several units in a phased manner, however the reports for the same are awaited;
- i) vacancies in sanctioned staff positions not filled also resulting in inadequate control especially lack of segregation of duties 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);
 - 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 to 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
- v) In respect of most of the expenses which have been booked /accounted on the basis of Utilisation Certificate's received from the executing / spending units, we have relied solely on the statement submitted authenticated by the site / unit implementing officer



and / or incharge. In the absence of the supporting documents, which we understand would be subject to audit at the unit, we are unable to comment on the genuineness / reasonableness of the same.

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, 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.

2. 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;
3. 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;
4. 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;
5. In the absence of any master record for the running Purchase / Work order, we are unable to comment on the control for the same.



- 6. In terms of Office Memorandum No. G 25012/4/2008/NACO from NACO referring to the clarification vide DO No. Coord/10(1) 2010/NACO/39576 of March 4, 2012 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 contractual staff employed by peripheral units, lead NGOs and other NGOs. The resulting impact, if any, of the same is not presently ascertainable.
- 7. 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 regulation; 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 provision of laws and regulations was not an objective of our audit and accordingly, we do not express such an opinion.
- 8. 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.
- 9. We have not been able to review whether there is any Business Continuity Plan (BCP) and Disaster recovery policy/ procedures (DRP)
- 10. We have attested these financial statements as Statutory Auditors subject to approval of the same by the Executive Committee.
- 11. 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;
- 12. In respect of Fixed Assets -
 - a) Having regard to the accounting treatment followed during the period 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;
 - b) No provision has been made for depreciation and impairment, if any, of the assets.
 - c) 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.
 - d) Inventory records need to be maintained and periodical physical verification be carried out by persons other than custodians;

We understand that these requirements and other aspects such as depreciation, impairments, adjustment of shortage / excess, if any, are being dealt at NACO level. In the circumstances, we are unable to comment on the value of assets reflected in the financial statements;



- 13. In respect of payments to employees -
 - a) service book/record of employees on deputation from Government were not available to audit,
 - b) documents related to selection process of new appointees was not available to audit;and
 - c) there are several positions vacant affecting the discharge of effective procurement functions and segregation of duties by employees in overall functioning of MSACS;

14. 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.

15. 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.

16. 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.

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

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

19. As regards the matters referred to above in paragraphs 01 to 18 above read with our other observations as attached 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 period ended March 31, 2014 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.



Opinion Paragraph

In our opinion, the financial statements, subject to the foregoing and annexed 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 period ended March 31, 2014, in accordance with consistency applied accounting standards. These statements have been subjected to auditing procedures applied in the audit of special purpose financial statements and in our opinion and to the best of our information and according to the information and explanations given to us, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole read with our report and other observations thereon.

The information in the Utilisation Certificate is not a required part of the financial statements, but is supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and accordingly, we express no opinion of it.

We further report that subject to the aforesaid observations -

- a) 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;
- b) 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;
- c) All expenditure, including procurement of goods and services have been carried out as per the procurement manual of the program;
- d) 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
- e) 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, read along with observation annexed thereto, 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.

To be read along with other observation annexed.

For MKPS & Associates
Chartered Accountants
Firm's Regn No. 302014E

N. Khandal
CA Narendra Khandal
Partner
M No. 065025



Mumbai, July 30, 2014

Utilisation Certificate

Certified that an amount of Rs. 192,879,000.00 received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year 2013-14 vide letter No. given below and opening Cash/Bank Balance Rs. 20,190,486.35 (and Current Liabilities of Rs.617,721.00)and outstanding Advances for Rs. 25,555,454.50on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. 1,516,496.00. a sum of Rs. 215,009,821.50 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 10,679,772.35 (and Current Liabilities of Rs. 849,799.00)and outstanding advances of Rs.14,683,921.00. 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
1)	M.18017/4/2013-NACO (F) Dt. 14/06/2013	54,478,000.00
2	M.18017/4/2013-NACO (F) Dt.28/09/2013	138,401,000.00
	Total	192,879,000.00

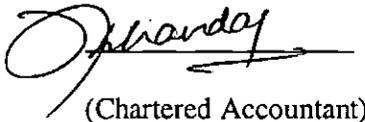
2.Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised

1. Statement of Expenditures
2. Annual Financial Statements

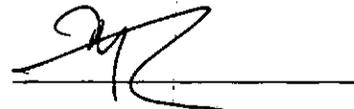
As per DCS report

Countersigned


(Chartered Accountant)

30/07/14





Project Director
(Project Director)
Maharashtra State AIDS;
Control Society, Mumbai.


एस.एन. नरकर / S.N. MASKAR
अवर सचिव / Under Secretary
रक्ष विभाग विभाग / Department of AIDS Control
स्वास्थ्य एवं परिवार कल्याण मंत्रालय
Ministry of Health and Family Welfare
भारत सरकार / Govt. of India
नई दिल्ली / New Delhi

Opening balance of Net Current Assets	Amount (Rs.)
Bank 5	20,190,486.35
Advance to Others	16,040.00
Advance to Staff	143,125.00
Advance to District Authorities	25,396,289.50
	<u>45,745,940.85</u>
Opening balance of Net Current Liabilities	Amount (Rs.)
Security / Earnest Deposit (Received)	582,325.00
TDS (Others)	34,446.00
Other Recoveries	950.00
	<u>617,721.00</u>
Sources of funds	Amount (Rs.)
Grant from NACO to SACS	192,879,000.00
	<u>192,879,000.00</u>
Utilisation of funds	Amount (Rs.)
OI Drugs	12,179,717.00
IEC	2,901,931.00
Operational Expenses	3,043,231.50
Research & Development	507,831.00
Training	3,332,189.00
Salary	96,925,083.00
Telephone/Communication Expenses	119,884.00
Bank Charges	-2,500.00
ARV Drugs	69,260,660.00
Other Administration Cost	700,408.00
Contingency	13,202,273.00
Consumable Items	3,981,554.00
Transportation Expenses	800,688.00
Civil Works	5,332,508.00
Office Equipment	2,724,364.00
	<u>215,009,821.50</u>
Bank Interest & Miscellaneous Receipts	Amount (Rs.)
Sale of Bid/Tender Documents	61,000.00
Other Receipts	222,597.00
Interest from Bank	1,232,899.00
	<u>1,516,496.00</u>
Current Liabilities	Amount (Rs.)
TDS (Salary)	4,452.00
Security / Earnest Deposit (Received)	838,041.00
TDS (Others)	7,106.00
Other Recoveries	200.00



047,177.00	
Closing balance of Net Current Assets	Amount (Rs.)
Bank 5	10,679,772.35
Advance to Others	16,040.00
Advance to Staff	98,295.00
Advance to District Authorities	14,569,586.00
	<u>25,363,693.35</u>



Balance Sheet

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	LIABILITIES	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	ASSETS	Schedule Reference	Figures for the current Period (Rs.)
45,128,219.85	GENERAL FUND	01	24,513,894.35	6,213,791.00	FIXED ASSETS	02	14,270,663.00
617,721.00	CURRENT LIABILITIES AND PROVISIONS	0501	849,799.00	20,190,486.35	CURRENT ASSETS, LOANS AND ADVANCES	0301	10,679,772.35
6,213,791.00	CURRENT LIABILITIES		14,270,663.00	25,555,454.50	CURRENT ASSETS	0401	14,683,921.00
51,959,731.85	FIXED ASSET FUND		39,634,356.35	51,959,731.85	LOANS AND ADVANCES		39,634,356.35

As per our report

J. Ghosh
Auditor



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

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

General Fund

Schedule 01

Particulars	Figures in Rupees	
	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Opening grant in aid	45,128,219.85	26,248,532.75
Add: Received during the year		
Grant from NACO to SACS	192,879,000.00	132,028,000.00
Less: Utilised during the year		
Grants utilised to the extent of revenue expenditure	205,436,453.50	113,093,758.90
Grants utilised to the extent of fixed asset expenditure	8,056,872.00	54,554.00
Closing grant in aid	24,513,894.35	45,128,219.85

Fixed Asset

Schedule 02

Particulars	Figures in Rupees		
	Opening Balance	Addition	Deletion
Civil Works (2201)	3,114,552.00	5,332,508.00	0.00
Equipment (Other) (2204)	1,673,755.00	0.00	0.00
Office Equipment (2206)	1,425,484.00	2,724,364.00	0.00
Grand Total	6,213,791.00	8,056,872.00	0.00
			Closing Balance
			8,447,060.00
			1,673,755.00
			4,149,848.00
			14,270,663.00



Schedule 03

Funds from Other Sources

Figures in Rupees

Particulars	Opening Balance	Grant Received	Grant Utilised/ Refunded	Closing Balance
KHPT (Karnataka Health Prevention Trust) (09)	0.00	0.00	0.00	0.00
Grand Total	0.00	0.00	0.00	0.00



CURRENT ASSETS

Schedule 0301

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Bank 5	10,679,772.35	20,190,486.35
Total	10,679,772.35	20,190,486.35

LOANS AND ADVANCES

Schedule 0401

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to Others	16,040.00	16,040.00
Advance to Staff	98,295.00	143,125.00
Advance to District Authorities	14,569,586.00	25,396,289.50
Total	14,683,921.00	25,555,454.50



CURRENT LIABILITIES

Schedule 0501

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs)	As at 31-Mar-13 (Rs)
Other Recoveries	200.00	950.00
Security / Earnest Deposit (Received)	838,041.00	582,325.00
TDS (Others)	7,106.00	34,446.00
TDS (Salary)	4,452.00	0.00
Total	849,799.00	617,721.00



Income And Expenditure Account

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	EXPENDITURE	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
5,127,926.00	IEC		2,901,931.00	1,392,230.30	Other Income	28	1,516,496.00
12,116.00	Kits and Other Lab Supplies	06	3,981,554.00	113,093,758.90	Grants utilised to the extent of revenue expenditure		205,436,453.50
10,940,689.00	Medicines	07	81,440,377.00				
3,776,333.00	Training and Workshops	08	3,332,189.00				
0.00	Operational and Other Research	12	507,831.00				
74,918,744.00	Salary (Pay and Allowances)	13	96,925,083.00				
19,710,181.20	Operational Expenses	15	17,863,984.50				
114,485,989.20			206,952,949.50	114,485,989.20			206,952,949.50

As per our report



[Signature]
30/03/14

[Signature]

Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

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

Other Income

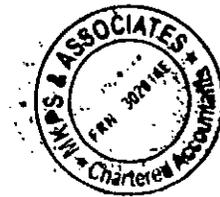
Schedule 28

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Sale of Bid/Tender Documents	61,000.00	21,000.00
Other Receipts	222,597.00	613,829.30
Interest from Bank	1,232,899.00	757,401.00
Total	1,516,496.00	1,392,230.30

Kits and Other Lab Supplies

Schedule 06

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Consumable Items	3,981,554.00	12,116.00
Total	3,981,554.00	12,116.00



Medicines

Schedule 07

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
OI Drugs	12,179,717.00	10,940,689.00
ARV Drugs	69,260,660.00	0.00
Total	81,440,377.00	10,940,689.00

Training and Workshops

Schedule 08

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Training	3,332,189.00	3,776,333.00
Total	3,332,189.00	3,776,333.00

Operational and Other Research

Schedule 12

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Research & Development	507,831.00	0.00
Total	507,831.00	0.00



Salary (Pay and Allowances)

Schedule 13

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	96,925,083.00	74,918,744.00
Total	96,925,083.00	74,918,744.00
Transportation Expenses	800,688.00	3,738,352.00
Operational Expenses	3,043,231.50	63,377.00
Rent, Rates & Taxes	0.00	11,471.00
Telephone/Communication Expenses	119,884.00	862,011.00
Bank Charges	-2,500.00	0.00
Other Administration Cost	700,408.00	0.00
Contingency	13,202,273.00	15,034,970.20
Total	17,863,984.50	19,710,181.20





Maharashtra SACS - GLOBAL FUND RCC-IV

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-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	RECEIPTS	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	PAYMENTS	Schedule Reference	Figures for the current Period (Rs.)
	Opening Balance:						
2,324,736.25	Balance with Bank		20,190,486.35	18,296,378.20	LOANS AND ADVANCES	17	22,876,933.00
132,028,000.00	GENERAL FUND	30	192,879,000.00	0.00	CURRENT LIABILITIES	32	28,090.00
507,024.00	CURRENT LIABILITIES	29	260,168.00	10,891,095.00	Medicines	19	79,232,491.00
0.00	Operational Expenses	32	2,500.00	2,194,957.00	Training and Workshops	20	1,547,532.00
1,392,230.30	Other Income	43	1,516,496.00	74,901,514.00	Salary (Pay and Allowances)	25	96,781,213.00
<u>136,251,990.55</u>		56	<u>214,848,650.35</u>	5,127,926.00	IEC		2,901,931.00
				20,190,486.35	Closing Balance:		
				<u>136,251,990.55</u>	Balance with Bank	31	10,679,772.35
							<u>214,848,650.35</u>

As per our report



P. S. & ASSOCIATES
30/03/14

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

[Signature]
Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

GENERAL FUND

Schedule 29

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Grant from NACO to SACS	192,879,000.00	132,028,000.00
Total	192,879,000.00	132,028,000.00

Balance with Bank

Schedule 30

Particulars	As at 31-Mar-13 (Rs.)	As at 31-Mar-12 (Rs.)
Bank 5	20,190,486.35	2,324,736.25
Total	20,190,486.35	2,324,736.25

CURRENT LIABILITIES

Schedule 32

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
TDS (Salary)	4,452.00	0.00
Security / Earnest Deposit (Received)	255,716.00	471,628.00
TDS (Others)	0.00	34,446.00
Other Recoveries	0.00	950.00
Total	260,168.00	507,024.00



Operational Expenses

Schedule 43

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Bank Charges	2,500.00	0.00
Total	2,500.00	0.00

Other Income

Schedule 56

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Sale of Bid/Tender Documents	61,000.00	21,000.00
Other Receipts	222,597.00	613,829.30
Interest from Bank	1,232,899.00	757,401.00
Total	1,516,496.00	1,392,230.30

LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to Others	0.00	392,250.00
Advance to Staff	313,843.00	753,092.00
Advance to District Authorities	22,563,090.00	17,151,036.20
Total	22,876,933.00	18,296,378.20



CURRENT LIABILITIES

Schedule 32

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
TDS (Others)	27,340.00	0.00
Other Recoveries	750.00	0.00
Total	28,090.00	0.00

Medicines

Schedule 19

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
OI Drugs	12,179,717.00	10,891,095.00
ARV Drugs	67,052,774.00	0.00
Total	79,232,491.00	10,891,095.00

Training and Workshops

Schedule 20

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Training	1,547,532.00	2,194,957.00
Total	1,547,532.00	2,194,957.00



Salary (Pay and Allowances)

Schedule 25

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	96,781,213.00	74,901,514.00
Total	96,781,213.00	74,901,514.00
Transportation Expenses	800,688.00	3,738,352.00
Rent, Rates & Taxes	0.00	11,471.00
Telephone/Communication Expenses	0.00	862,011.00
Contingency	0.00	37,800.00
Total	800,688.00	4,649,634.00

Balance with Bank

Schedule 31

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Bank 5	10,679,772.35	20,190,486.35
Total	10,679,772.35	20,190,486.35



REPORT OF STATUTORY AUDITORS

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 GFATM Round 7 for brevity's sake referred to as "Round 7" as of March 31, 2014. These financial statements comprise of the Balance Sheet as on March 31, 2014; Statement of Income & Expenditure and Receipt & Payment Account for the period from April 1, 2013 to March 31, 2014. 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 cash basis in conformity with the standards prescribed by the ICAI for Cash Accounting. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. The same system is adopted in respect of amount of grants / funds spent by the NGO / periphery and other units as well as for accounting of office expenses. Hence, the amount spent by units of society as well as its employees against advance / imprest given to them is accounted for as and when the respective utilization / statement of expenditure are received.

Scope 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 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.



Bases for opinion

We report that -

1. 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 period ended March 31, 2014 for the purpose of expressing an opinion on the financial statements disclosed continuing 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) need to improve data collection form, reporting by and oversight of DAPCUs, the district-level nodal units;
- e) timely submission of Statements of expenditure/Utilization certificates by sub-recipient NGOs (including lead NGO) and peripheral units, their verification to confirm the validity of amounts reported and adequacy of the supporting documentation and ultimately 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) absence of any internal audit being conducted at MSACS as well as at the lead NGO level and peripheral units level for the period, we are unable to comment on the effectiveness of the system as to the scope and coverage of the audit. As explained by the management the same is under process at several units in a phased manner, however the reports for the same are awaited;
- i) vacancies in sanctioned staff positions not filled also resulting in inadequate control especially lack of segregation of duties 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);
 - 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 to 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
- v) In respect of most of the expenses which have been booked /accounted on the basis of Utilisation Certificate's received from the executing / spending units, we have relied solely on the statement submitted authenticated by the site / unit implementing officer



and / or incharge. In the absence of the supporting documents, which we understand would be subject to audit at the unit, we are unable to comment on the genuineness / reasonableness of the same.

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, 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.

2. 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;
3. 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;
4. 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;
5. In the absence of any master record for the running Purchase / Work order, we are unable to comment on the control for the same.



6. In terms of Office Memorandum No. G 25012/4/2008/NACO from NACO referring to the clarification vide DO No. Coord/10(1) 2010/NACO/39576 of March 4, 2012 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 contractual staff employed by peripheral units, lead NGOs and other NGOs. The resulting impact, if any, of the same is not presently ascertainable.
7. 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 regulation; 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 provision of laws and regulations was not an objective of our audit and accordingly, we do not express such an opinion.
8. 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.
9. We have not been able to review whether there is any Business Continuity Plan (BCP) and Disaster recovery policy/ procedures (DRP)
10. We have attested these financial statements as Statutory Auditors subject to approval of the same by the Executive Committee.
11. 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;
12. In respect of Fixed Assets –
 - a) Having regard to the accounting treatment followed during the period 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;
 - b) No provision has been made for depreciation and impairment, if any, of the assets.
 - c) 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.
 - d) Inventory records need to be maintained and periodical physical verification be carried out by persons other than custodians;

We understand that these requirements and other aspects such as depreciation, impairments, adjustment of shortage / excess, if any, are being dealt at NACO level. In the circumstances, we are unable to comment on the value of assets reflected in the financial statements;



- 13. In respect of payments to employees –
 - a) service book/record of employees on deputation from Government were not available to audit;
 - b) documents related to selection process of new appointees was not available to audit; and
 - c) there are several positions vacant affecting the discharge of effective procurement functions and segregation of duties by employees in overall functioning of MSACS;

14. 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.

15. 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.

16. 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.

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

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

19. As regards the matters referred to above in paragraphs 01 to 18 above read with our other observations as attached 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 period ended March 31, 2014 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.



Opinion Paragraph

In our opinion, the financial statements, subject to the foregoing and annexed 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 period ended March 31, 2014, in accordance with consistency applied accounting standards. These statements have been subjected to auditing procedures applied in the audit of special purpose financial statements and in our opinion and to the best of our information and according to the information and explanations given to us, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole read with our report and other observations thereon.

The information in the Utilisation Certificate is not a required part of the financial statements, but is supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and accordingly, we express no opinion of it.

We further report that subject to the aforesaid observations -

- a) 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;
- b) 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;
- c) All expenditure, including procurement of goods and services have been carried out as per the procurement manual of the program;
- d) 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
- e) 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, read along with observation annexed thereto, 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.

To be read along with other observation annexed.

**For MKPS & Associates
Chartered Accountants
Firm's Regn No. 302014E**

Narendra Khandal
CA Narendra Khandal
Partner
M No. 065025

Mumbai, July 30, 2014



Utilisation Certificate

Certified that an amount of Rs. **39,168,000.00** received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year **2013-14** vide letter No. given below and opening Cash/Bank Balance Rs. **13,103,107.00** (and Current Liabilities of Rs.**0.00**)and outstanding Advances for Rs. **15,820,341.15**on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. **762,894.50**. a sum of Rs. **59,541,733.15** has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. **696,599.50** (and Current Liabilities of Rs. **0.00**)and outstanding advances of Rs.**8,616,010.00**. 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
1)	M.18017/05/2013-NACO (GFATM RD VII) Dt.03/07/2013	20,943,000.00
2)	M.18017/05/2013-NACO (GFATM RD VII) Dt.27/09/2013	18,225,000.00
	Total	39,168,000.00

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

Kinds of checks exercised

1. Statement of Expenditures
2. Annual Financial Statements

As per our report
Countersigned

[Signature]
(Chartered Accountant)

30/07/14



[Signature]
Project Director
(Project Director)
Maharashtra State AIDS;
Control Society, Mumbai.

[Signature]
एस.एन. नस्कर / S.N. NASKAR
अपर सचिव / Under Secretary
एड्स नियंत्रण विभाग / Department of AIDS Control
स्वास्थ्य एवं परिवार कल्याण मंत्रालय
Ministry of Health and Family Welfare
भारत सरकार / Govt. of India
नई दिल्ली / New Delhi

Opening balance of Net Current Assets	Amount (Rs.)
Bank GF-RD7	13,103,107.00
Advance to Others	10,964,407.15
Advance to NGOs	4,855,934.00
	<u>28,923,448.15</u>
Sources of funds	Amount (Rs.)
Grant from NACO to SACS	39,168,000.00
	<u>39,168,000.00</u>
Utilisation of funds	Amount (Rs.)
IEC	4,015,252.00
Operational Expenses	439,475.00
Training	486,477.00
Salary	42,071,040.00
Equipment Maintenance	157,507.00
Building Maintenance	83,710.00
Travelling Expenses	8,863,849.15
Rent, Rates & Taxes	904,250.00
Telephone/Communication Expenses	509,044.00
Bank Charges	259.00
Miscellaneous Expenses	6,792.00
Printing & Stationery	424,023.00
Monitoring & Evaluation (SIMS)	479,806.00
Water and Electricity Charges	102,290.00
Postage/Courier	24,766.00
Red Ribbon Clubs/Youth Friendly Clubs	109,399.00
PLHA Expenses	100,185.00
Meeting Expenses	344,384.00
Furniture , Fixtures & Supplies	261,025.00
Equipment (Other)	158,200.00
	<u>59,541,733.15</u>
Bank Interest & Miscellaneous Receipts	Amount (Rs.)
Other Receipts	96,013.50
Interest from Bank	666,881.00
	<u>762,894.50</u>
Closing balance of Net Current Assets	Amount (Rs.)
Bank GF-RD7	696,599.50
Advance to Others	1,225,007.00
Advance to NGOs	7,370,903.00
Advance to Staff	20,100.00
	<u>9,312,609.50</u>



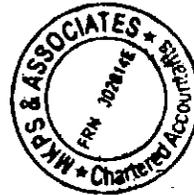
Balance Sheet

For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	LIABILITIES	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	ASSETS	Schedule Reference	Figures for the current Period (Rs.)
28,923,448.15	GENERAL FUND	01	9,312,609.50	2,804,604.00	FIXED ASSETS	02	3,223,829.00
2,804,604.00	FIXED ASSET FUND		3,223,829.00	13,103,107.00	CURRENT ASSETS, LOANS AND ADVANCES	0301	696,599.50
<u>31,728,052.15</u>			<u>12,536,438.50</u>	15,820,341.15	LOANS AND ADVANCES	0401	8,616,010.00
				<u>31,728,052.15</u>			<u>12,536,438.50</u>

As per our report

Pranav
Auditor
20/03/14



Wale
FC/FM/FO

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

AK
Project Director

Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

General Fund

Schedule 01

Figures in Rupees

Particulars	As at 31-Mar-14 (RS)	As at 31-Mar-13 (RS)
Opening grant in aid	28,923,448.15	30,767,841.25
Add: Received during the year		
Grant from NACO to SACS	39,168,000.00	46,052,000.00
Less: Utilised during the year		
Grants utilised to the extent of revenue expenditure	58,359,613.65	47,896,393.10
Grants utilised to the extent of fixed asset expenditure	419,225.00	0.00
Closing grant in aid	9,312,609.50	28,923,448.15

Fixed Asset

Schedule 02

Figures in Rupees

Particulars	Opening Balance	Addition	Deletion	Closing Balance
Equipment (Other) (2204)	1,876,160.00	158,200.00	0.00	2,034,360.00
Furniture, Fixtures & Supplies (2202)	928,444.00	261,025.00	0.00	1,189,469.00
Grand Total	2,804,604.00	419,225.00	0.00	3,223,829.00



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Schedule 03

Funds from Other Sources

Figures in Rupees

Particulars	Opening Balance	Grant Received	Grant Utilised/ Refunded	Closing Balance
Grand Total				



CURRENT ASSETS

Schedule 0301

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Bank GF-RD7	696,599.50	13,103,107.00
Total	696,599.50	13,103,107.00

LOANS AND ADVANCES

Schedule 0401

Figures in Rupees

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to Others	1,225,007.00	10,964,407.15
Advance to NGOs	7,370,903.00	4,855,934.00
Advance to Staff	20,100.00	0.00
Total	8,616,010.00	15,820,341.15



Income And Expenditure Account
For The Period From : 01-Apr-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	EXPENDITURE	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	INCOME	Schedule Reference	Figures for the current Period (Rs.)
3,385,476.10	IEC		4,015,252.00	1,611,692.15	Other Income	28	762,894.50
225,417.00	Monitoring & Evaluation (SIMS)		479,806.00	47,896,393.10	Grants utilised to the extent of revenue expenditure		58,359,613.65
3,475,097.00	Training and Workshops	08	595,876.00				
33,024,067.00	Salary (Pay and Allowances)	13	42,071,040.00				
188,167.85	Maintenance Costs	14	241,217.00				
9,209,860.30	Operational Expenses	15	11,719,317.15				
207,127.00	#	NULL	344,384.00				
49,508,085.25			59,122,508.15	49,508,085.25			59,122,508.15

As per our report



Dhandol
30/07/14

AMZ

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

Project Director
 Maharashtra State AIDS;
 Control Society, Mumbai.

Other Income

Schedule 28

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Other Receipts	96,013.50	896,534.00
Interest from Bank	666,881.00	715,158.15
Total	762,894.50	1,611,692.15

Training and Workshops

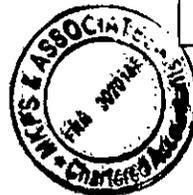
Schedule 08

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Training	486,477.00	3,389,157.00
Red Ribbon Clubs/Youth Friendly Clubs	109,399.00	85,940.00
Total	595,876.00	3,475,097.00

Salary (Pay and Allowances)

Schedule 13

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	42,071,040.00	33,024,067.00
Total	42,071,040.00	33,024,067.00



Maintenance Costs

Schedule 14

Particulars	As at 31-Mar-14 (RS)	As at 31-Mar-13 (RS)
Equipment Maintenance	157,507.00	126,283.00
Building Maintenance	83,710.00	61,884.85
Total	241,217.00	188,167.85



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Operational Expenses

Schedule 15

Particulars	As at 31-Mar-14 (Rs)	As at 31-Mar-13 (Rs)
Operational Expenses	439,475.00	316,513.00
Travelling Expenses	8,863,849.15	7,048,820.25
Rent, Rates & Taxes	904,250.00	648,750.00
Telephone/Communication Expenses	509,044.00	372,682.55
Bank Charges	259.00	1,198.00
Miscellaneous Expenses	6,792.00	162,324.00
Printing & Stationery	424,023.00	301,537.50
Water and Electricity Charges	102,290.00	68,830.00
Postage/Courier	24,766.00	27,964.00
PLHA Expenses	100,185.00	54,114.00

Schedule NULL

Particulars	As at 31-Mar-14 (Rs)	As at 31-Mar-13 (Rs)
Meeting Expenses	344,384.00	207,127.00
Total	344,384.00	207,127.00





Maharashtra SACS - GLOBAL FUND VII

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-2013 To :31-Mar-2014

Figures for the previous Period (Rs.)	RECEIPTS	Schedule Reference	Figures for the current Period (Rs.)	Figures for the previous Period (Rs.)	PAYMENTS	Schedule Reference	Figures for the current Period (Rs.)
16,743,032.00	Opening Balance:			50,900,734.15	LOANS AND ADVANCES	17	51,901,270.00
	Balance with Bank	30	13,103,107.00	0.00	Training and Workshops	20	435,515.00
46,052,000.00	GENERAL FUND	29	39,168,000.00	102,500.00	Salary (Pay and Allowances)	25	0.00
1,611,692.15	Other Income	56	762,894.50	269,048.00	Operational Expenses	27	617.00
<u>64,406,724.15</u>			<u>53,034,001.50</u>	10,225.00	Monitoring & Evaluation (SIMS)	NULL	0.00
				31,335.00	Closing Balance:		0.00
				13,103,107.00	Balance with Bank	31	696,599.50
				<u>64,406,724.15</u>			<u>53,034,001.50</u>

As per memo refer



Handwritten signature and date 20/05/14

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

Handwritten signature and Project Director Maharashtra State AIDS; Control Society, Mumbai.

GENERAL FUND

Schedule 29

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Grant from NACO to SACS	39,168,000.00	46,052,000.00
Total	39,168,000.00	46,052,000.00

Balance with Bank

Schedule 30

Particulars	As at 31-Mar-13 (Rs.)	As at 31-Mar-12 (Rs.)
Bank GF-RD7	13,103,107.00	16,743,032.00
Total	13,103,107.00	16,743,032.00

Other Income

Schedule 56

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Other Receipts	96,013.50	896,534.00
Interest from Bank	666,881.00	715,158.15
Total	762,894.50	1,611,692.15



LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Advance to Others	30,189,782.00	26,889,107.15
Advance to NGOs	21,652,857.00	24,011,627.00
Advance to Staff	58,631.00	0.00
Total	51,901,270.00	50,900,734.15

Training and Workshops

Schedule 20

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Training	435,515.00	0.00
Total	435,515.00	0.00

Salary (Pay and Allowances)

Schedule 25

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Salary	0.00	102,500.00
Total	0.00	102,500.00



Operational Expenses

Schedule 27

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Travelling Expenses	617.00	82,587.00
Telephone/Communication Expenses	0.00	8,566.00
Miscellaneous Expenses	0.00	161,674.00
Postage/Courier	0.00	5,996.00

Schedule NULL

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Meeting Expenses	0.00	10,225.00
Total	0.00	10,225.00

Balance with Bank

Schedule 31

Particulars	As at 31-Mar-14 (Rs.)	As at 31-Mar-13 (Rs.)
Bank GF-RD7	696,599.50	13,103,107.00
Total	696,599.50	13,103,107.00



Utilisation Certificate

Certified that an amount of Rs. 333,099,340.00 received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year 2013-14 vide letter No. given below and opening Cash/Bank Balance Rs. 90,069,317.10 (and Current Liabilities of Rs.3,814,064.84)and outstanding Advances for Rs. 103,508,248.79on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. 9,109,705.00. a sum of Rs. 372,158,369.51 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 11,653,373.59 (and Current Liabilities of Rs. 4,153,185.84)and outstanding advances of Rs.152,313,988.79. 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
1)	Recovery/Deduction of Grants Dt.08/05/2013	607,340.00
2)	No.T-11017/01A/2013-NACO (F) Dt.02/07/2013	278,922,000.00
3)	PF T-11017/01A/2013-NACO (F) Dt.28/09/2013	53,570,000.00
	Total	333,099,340.00

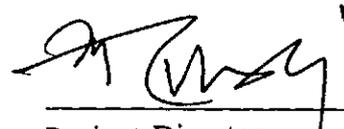
2 .Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

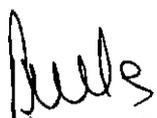
Kinds of checks exercised

1. Statement of Expenditures
2. Annual Financial Statements

Countersigned

(Chartered Accountant)


Project Director
Maharashtra State AIDS;
Control Society, Mumbai.


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