

AUDIT REPORT(POOL FUND- TI)

The Project Director
CHANDIGARH AIDS Control Society,
CHANDIGARH.

Introductory Paragraph

We have audited the accompanying Utilization certificate of the Chandigarh AIDS Control Project – Phase III (financed under World bank credit No 3242 –IN/IDA) as of 31st March, 2016. Our responsibility is to express our opinion on these financial statements based on our audit.

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. We believe that our audit provides a reasonable basis for our opinion.

Opinion Paragraph

In our opinion, the financial statements, read with observations given in Annexure-I, listing of ineligible claims comments in management letter give a true and fair view of the Application of Funds and the financial position of Chandigarh State Aids Control Society for the year ended March 31st, 2016. in accordance with consistency applied accounting standards.

In addition subject to our observations in **Annexure-I**, listing of ineligible claims (Annexure-II) & comments in management letter (a) with respect to IFRs, adequate supporting documentation has been maintained to support the 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.

PLACE: CHANDIGARH
DATE: 04.07.2016

FOR GANDHI MINOCHA & CO.,
CHARTERED ACCOUNTANTS,


(GAURAV GANDHI)
PARTNER
M.NO. 501510

ANNEXURE-1 (POOL FUND)

1. There is a difference in the closing balance as per advance sheet given by CSACS and Closing balance of UC's of NGOs. The following are:-

S.No.	Parties Name	Amount as per Advance Sheet	Amount as per UCs of NGOs
1.	SOPS- MSM	NIL	25279
2.	IPHA MIGRANT RAMDARBAR	9781	11089
3.	SOPS- FSW	NIL	26053
4.	YUVASATTA	7781	8463



**POOL FUND, CSACS
CHANDIGARH**

ANNEXURE II

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



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



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

Thanking you,

FOR GANDHI MINOCHA & CO.
CHARTERED ACCOUNTANTS

(GAURAV GANDHI)
PARTNER