

The Project Director,
M/s. Karnataka State AIDS Prevention Society,
No.4/13-1, Crescent Road, High Grounds,
Bangalore-560001.

Sir,

Introductory Paragraph

We have audited the accompanying financial statements of **NEW DBS for National AIDS Control Project - Phase III** (financed under World Bank Credit No. 3242-IN) as of **March 31, 2013**. Our Responsibility is to express an 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 test basis, the evidences 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 the Management and as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion Paragraph

In our opinion, the financial statements, read with observations, if any, give a true and fair view of the Sources and Application of fund and the financial position of M/Karnataka State AIDS Prevention Society (Regd.), Bangalore for the year ended March 31, 2013 in accordance with consistently applied accounting standards.

In addition, (a) with respect to IFRs, adequate supporting documentations have been maintained to support the IFRs subject to our observations given in the Annexure to this report and the Management Letter.

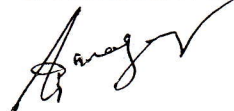
(b) Expenditures which are eligible for financing under the Credit/Grant Agreement, subject to our observations given in the Annexure to this report and the Management Letter.

(c) Procurement of goods and services had been carried out as per the Procurement Manual issued by NACO, GOI and NGO/CBO guidelines subject to our observations given in the Annexure to this report and the Management Letter.

Place : Chennai-44
Date : 03.08.2013



For M/s. G.KANAGARAJ & Co.,
CHARTERED ACCOUNTANTS,



CA G.KANAGARAJ, B.Com., F.C.A.,
Membership No. 024197,
FIRM'S REGN. NO: 005703S

ANNEXURE TO THE AUDIT REPORT ON THE FINANCIAL STATEMENTS OF NEW DBS- NATIONAL AIDS CONTROL PROJECT - PHASE III (FINANCED UNDER WORLD BANK CREDIT NO. 3242-IN) AS OF MARCH 31, 2013 FOR M/s. KARNATAKA STATE AIDS PREVENTION SOCIETY:

1. We observed that in many cases, the advances given were not settled within the required time frame as specified in the guidelines. The advances outstanding at the year end, based on the records and accounts produced before us, is Rs. 526.95 Lakhs. We have also observed that the below stated amount of advances was pending for settlement since long time as at the yearend 31.03.2013.

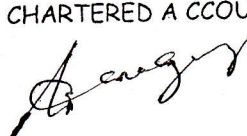
Less than a year old : NIL
One year and above : Rs. 526.95 Lakhs

2. We have also observed that the Society has not expended the funds as approved in Annual Action Plan. The variations observed are stated here in below.

COMPONENTS	BUDGET FOR THE YEAR	ACTUAL FOR THE YEAR	DIFFERENCE
Prevention (1)	Rs. 342,879,999.92	Rs. 252,643,198.50	Rs. 90,236,801.42
Capacity Building (3)	Rs. 72,149,999.36	Rs. 65,838,576.58	Rs. 6,311,422.78
Strategic Information Management (4)	Rs.11,721,500.00	Rs. 3,686,131.00	Rs. 8,035,369.00
Total	Rs. 426,751,499.28	Rs. 322,167,906.08	Rs. 104,583,593.20

Place : Chennai-44
Date :03.08.2013

For M/s. G.KANAGARAJ & Co.,
CHARTERED ACCOUNTANTS,


CA G.KANAGARAJ, B.Com., F.C.A.,
Membership No. 024197,
FIRM'S REGN. NO: 0057035





G. Kanagaraj & Co

Chartered Accountant

The Project Director,
M/s. Karnataka State AIDS Prevention Society,
No.4/13-1, Crescent Road, High Grounds,
Bangalore-560001.

Sir,

Sub: MANAGEMENT LETTER AFTER THE STATUTORY AUDIT OF
M/s. KSAPS- NEW DBS.

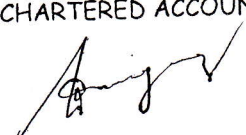
We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on test basis, the evidences supporting the amounts, reviewing the internal controls and disclosures in the Financial Statements. An Audit also includes assessing the Accounting Principles used and significant estimates made by the Management as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion. The issues, which we have observed during the Audit, form basis for our comments in the Audit Report, though not affecting the true and fair view of the transactions of M/s. KSAP Society and the depiction in the Statement of Expenditure, are detailed below:

1. The Internal Audit Report of M/s. KSAPS was not provided by the Management for our comments upon the internal audit system of the Society even though the Audit was completed and the report was sent to NACO. However, on our test checking of the transactions at KSAPS for the Financial Year 2012-13, we found that the overall system is satisfactory.
2. The Fixed Assets Register has not been maintained properly with location wise details for easy identification. Moreover, the Physical verification of the Assets was not carried out by the Management to ascertain the present status of the assets.

Place : Chennai-44

Date : 03.08.2013

For M/s. G.KANAGARAJ & Co.,
CHARTERED ACCOUNTANTS,


CA G.KANAGARAJ, B.Com., F.C.A.,
Membership No. 024197,
FIRM'S REGN. NO: 0057035





Karnataka SACS - NEW DBS FOR NACPIV

No.4/13-1 Crescent Road High Grounds, Bangalore - 560001

National AIDS Control Project - Phase III

Utilisation Certificate

Certified that an amount of Rs. 500,572,642.90 received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year 2012-13 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. 11,654,077.85. a sum of Rs. 330,622,910.08 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 129,622,431.84 (and Current Liabilities of Rs. 713,176.00) and outstanding advances of Rs.52,694,554.83. 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)	D.O letter No. 11017/01/2012 - NACO (F) dt. 05/07/12	182,300,000.00
(2)	Letter No. 11017/20/2012 - NACO (F) dt. 01/10/12	203,900,000.00
(3)	Recovery / Deduction of Grants	86,869,526.84
(4)	NACP III closure	27,503,116.06
	Total	500,572,642.90

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

For M/s. G. KANAGARAJ & CO.,
Chartered Accountants,

Countersigned

CA G. KANAGARAJ, B.Com., F.C.A.,
SENIOR PARTNER - M. No.: 024197
Firm Regn. No.: 0057035

(Chartered Accountant)

(Project Director)
Project Director
KSAPS, Bangalore

Joint Director (Finance)
KSAPS, Bangalore

NEW DBS FOR NACPIV

Utilisation Certificate

For The Period 01.04.2012 to 31.03.2013

Particulars	From 01.04.2012 to 30.09.2012	From 01.10.2012 to 31.03.2013	From 01.04.2012 to 31.03.2013
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Opening Balance of Net Current Assets			
Cash in hand	0.00	33,697.00	0.00
New DBS Bank Code	0.00	50,987,396.00	0.00
Advance to District Authorities	0.00	5,964,493.00	0.00
Inter Unit Fund Transfer	0.00	294,949.00	0.00
Advance to District Hospitals	0.00	1,720,980.00	0.00
Advance to Others	0.00	5,462,611.00	0.00
Advance to NGOs	0.00	77,787,989.00	0.00
Advance to Staff	0.00	475,379.00	0.00
Total Amount	0.00	142,727,494.00	0.00
Opening Balance of Net Current Liabilities			
TDS (Salary)	0.00	10,650.00	0.00
TDS (Others)	0.00	57,558.00	0.00
Total Amount	0.00	68,208.00	0.00
Sources of Funds			
Grant from NACO to SACS	182,300,000.00	203,900,000.00	386,200,000.00
Recovery/Deduction of Grants	40,594,329.00	46,275,197.84	86,869,526.84
NACPIII Closure	0.00	27,503,116.06	27,503,116.06
Total Amount	222,894,329.00	277,678,313.90	500,572,642.90
Utilisation of Funds			
Other Lab. Suplies	0.00	41,145.00	41,145.00
IEC	2,455,472.00	29,758,453.00	32,213,925.00
NGO Services	4,150,524.00	9,976,724.00	14,127,248.00
Consultants and Consultancy Services	111,925.00	0.00	111,925.00
Operational Research	0.00	3,686,131.00	3,686,131.00
Training	3,022,030.00	4,654,198.50	7,676,228.50
Salary	26,076,559.00	32,091,667.00	58,168,226.00
Equipment Maintenance	72,347.00	65,864.00	138,211.00
Vehicle Maintenance	800,368.00	1,210,192.00	2,010,560.00
Travelling Expenses	1,813,939.00	4,741,072.00	6,555,011.00
Rent, Rates & Taxes	2,364,195.00	2,276,836.00	4,641,031.00
Telephone / Communication Expenses	449,598.00	891,968.00	1,341,566.00
Honorarium	15,000.00	608,950.00	623,950.00
Bank Charges	1,430.00	3,437.00	4,867.00
Miscellaneous Expenses	612,674.00	1,003,547.00	1,616,221.00
Printing and Stationery	294,153.00	446,141.00	740,294.00

NEW DBS FOR NACP IV

Utilisation Certificate

For The Period 01.04.2012 to 31.03.2013

Particulars	From 01.04.2012 to 30.09.2012	From 01.10.2012 to 31.03.2013	From 01.04.2012 to 31.03.2013
Advertisement (Other than IEC)	0.00	286,165.00	286,165.00
Medical Expenses	89,610.00	20,796.00	110,406.00
Water and Electricity Charges	487,301.00	137,949.00	625,250.00
Audit Fees	0.00	920,782.00	920,782.00
Legal Expenses	0.00	3,500.00	3,500.00
NGO Services for Priority Interventions	35,074,836.00	140,668,074.00	175,742,910.00
Postage / Courier	108,023.00	398,140.00	506,163.00
Quality Assessment	0.00	3,130.00	3,130.00
Other Administration Cost	0.00	365,708.00	365,708.00
Campaigns	2,500,000.00	0.00	2,500,000.00
Contingency	0.00	59,251.00	59,251.00
Consumable Items	0.00	1,015,369.00	1,015,369.00
(TI) NACPIII expensable	0.00	206,454.50	206,454.50
(STI) NACPIII expensable	0.00	227,105.00	227,105.00
(BS) NACPIII expensable	0.00	3,675,596.00	3,675,596.00
(IEC) NACPIII expensable	0.00	1,845,191.50	1,845,191.50
(IS) NACPIII expensable	0.00	675,301.00	675,301.00
(SIMS) NACPIII expensable	0.00	45,606.00	45,606.00
Civil Works	61,453.00	110,000.00	171,453.00
Office Equipment	0.00	278,520.00	278,520.00
NACPIII Civil Works	0.00	1,293,108.00	1,293,108.00
NACPIII Furniture, Fixtures & Supplies	0.00	3,968,454.58	3,968,454.58
NACPIII Blood Bank Equipments	0.00	317,258.00	317,258.00
NACPIII Vehicles	0.00	259,850.00	259,850.00
NACPIII Office Equipment	0.00	1,823,839.00	1,823,839.00
Total Amount	80,561,437.00	250,061,473.08	330,622,910.08
Bank Interest & Miscellaneous Receipts	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Other Receipts	50,577.00	7,885,498.85	7,936,075.85
Interest from Bank	275,817.00	3,442,185.00	3,718,002.00
Total Amount	326,394.00	11,327,683.85	11,654,077.85
Current Liabilities	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
TDS (Salary)	10,650.00	32,700.00	32,700.00
TDS (Others)	57,558.00	93,526.00	93,526.00
Funds from Other Sources	0.00	88.00	88.00
NACPIII Security / Earnest Deposit (Received)	0.00	226,811.00	226,811.00
NACPIII Funds from Other Sources	0.00	360,051.00	360,051.00
Total Amount	68,208.00	713,176.00	713,176.00

Joint Director (Finance)


NEW DBS FOR NACPIV

Utilisation Certificate

For The Period 01.04.2012 to 31.03.2013

Particulars	From 01.04.2012 to 30.09.2012	From 01.10.2012 to 31.03.2013	From 01.04.2012 to 31.03.2013
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Closing Balance of Net Current Assets	33,697.00	3,136.00	3,136.00
Cash in hand	50,987,396.00	129,619,295.84	129,619,295.84
New DBS Bank Code	5,462,611.00	8,154,606.00	8,154,606.00
Advance to Others	77,787,989.00	18,725,477.00	18,725,477.00
Advance to NGOs	475,379.00	2,261,258.00	2,261,258.00
Advance to Staff	5,964,493.00	800,266.00	800,266.00
Advance to District Authorities	1,720,980.00	2,089,923.50	2,089,923.50
Advance to District Hospitals	294,949.00	0.00	0.00
Inter Unit Fund Transfer	0.00	5,580,745.85	5,580,745.85
NACPIII Advance to Others	0.00	3,236,267.24	3,236,267.24
NACPIII Advance to NGOs	0.00	959,133.52	959,133.52
NACPIII Advance to Staff	0.00	1,926,669.00	1,926,669.00
NACPIII Advance to District Authorities	0.00	6,912,899.00	6,912,899.00
NACPIII Advance to District Hospitals	0.00	2,047,309.72	2,047,309.72
NACPIII Security Deposit (Paid)			
Total Amount	142,727,494.00	182,316,986.67	182,316,986.67




Joint Director (Finance),
KSAPS, Bangalore

Karnataka SACS - NEW DBS FOR NACP IV

No.4/13-1 Crescent Road High Grounds, Bangalore - 560001

National AIDS Control Project - Phase III

Balance Sheet

For The Period From : 01-Oct-2012 To :31-Mar-2013

Figures for the previous Period (Rs.)	LIABILITIES	Schedule Reference	Figures for the current Period (Rs.)	ASSETS	Schedule Reference	Figures for the current Period (Rs.)
142,659,286.00	GENERAL FUND	01	181,603,810.67	FIXED ASSETS	02	8,112,482.58
	CURRENT LIABILITIES AND PROVISIONS			CURRENT ASSETS, LOANS AND ADVANCES		
68,208.00	CURRENT LIABILITIES	0501	353,037.00	CURRENT ASSETS	0301	129,622,431.84
61,453.00	FIXED ASSET FUND		8,112,482.58	LOANS AND ADVANCES	0401	52,694,554.83
0.00	Funds from Other Sources	03	360,139.00			
0.00	CURRENT ASSETS	0301	360,051.00			
142,788,947.00			190,429,469.25			190,429,469.25

For M/s. G. KANAGARAJ & CO.,
Chartered Accountants,

CA G. KANAGARAJ, B.Com., F.C.A.,
SENIOR PARTNER - M. No. 824197
Firm Regn. No. 0057038

Joint Director (Finance)
KSAPS, Bangalore

Project Director
Project Director
KSAPS, Bangalore

Karnataka SACS - NEW DIS FOR NACPIV

No.4/13-1 Crescent Road High Grounds, Bangalore - 560001

National AIDS Control Project - Phase III

Income And Expenditure Account

For The Period From : 01-Oct-2012 To :31-Mar-2013

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.)
2,455,472.00	IEC		29,758,453.00	326,394.00	Other Income	28	11,327,683.85
111,925.00	Consultants and Consultancy Services		0.00	80,173,590.00	Grants utilised to the extent of revenue expenditure		230,682,759.65
0.00	(TI) NACPIII expensable		206,454.50				
0.00	(STI) NACPIII expensable		227,105.00				
0.00	(BS) NACPIII expensable		3,675,596.00				
0.00	(IEC) NACPIII expensable		1,845,191.50				
0.00	(IS) NACPIII expensable		675,301.00				
0.00	(SIMS) NACPIII expensable		45,606.00				
0.00	Kits and Other Lab Supplies	06	1,056,514.00				
5,522,030.00	Training and Workshops	08	4,654,198.50				
39,225,360.00	NGO Services	11	150,644,798.00				
0.00	Operational and Other Research	12	3,686,131.00				
26,181,169.00	Salary (Pay and Allowances)	13	32,721,413.00				
872,715.00	Maintenance Costs	14	1,276,056.00				
6,131,313.00	Operational Expenses	15	11,537,626.00				
80,499,984.00			242,010,443.50	80,499,984.00			242,010,443.50

[Signature]
 Joint Director (Finance) KSAPS, Bangalore
[Signature]
 Project Director KSAPS, Bangalore

Receipt And Payment Account

For The Period From : 01-Oct-2012 To :31-Mar-2013

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	Opening Balance:			138,559,199.00	LOANS AND ADVANCES	17	112,693,728.00
	Cash in hand		33,697.00	61,453.00	FIXED ASSETS	16	278,520.00
0.00	Balance with Bank	30	50,987,396.00	32,647.00	CURRENT LIABILITIES	32	0.00
0.00	LOANS AND ADVANCES	17	252,571.00	0.00	Kits and Other Lab Supplies	18	878,244.00
222,894,329.00	GENERAL FUND	29	250,175,197.84	468,054.00	Training and Workshops	20	233,588.00
0.00	Funds from Other Sources	31	88.00	0.00	Operational and Other Research	24	331,993.00
10,800.00	CURRENT LIABILITIES	32	60,118.00	25,181,465.00	Salary (Pay and Allowances)	25	32,285,185.00
308,653.00	Other Income	56	4,414,069.00	911,442.00	Maintenance Costs	26	1,138,704.00
223,213,782.00			305,923,136.84	5,119,754.00	Operational Expenses	27	6,035,452.00
				1,746,750.00	IEC		22,425,291.00
				111,925.00	Consultants and Consultancy Services		0.00
					Closing Balance:		
				33,697.00	Cash in hand		3,136.00
				50,987,396.00	Balance with Bank	31	129,619,295.84
				223,213,782.00			305,923,136.84

Project Director
KSAPS, Bangalore