



VINOD AJAY & ASSOCIATES
CHARTERED ACCOUNTANTS

Head Office:

D-85, East of Kailash, New Delhi-110065

Tel.: +91-11-26444419/20 Fax: +91-11- 41624600

E mail: vinod@vinodajay.com

Branches:

Punjab, Haryana, Uttar Pradesh, Maharashtra,
Himachal Pradesh, Bihar.

The Project Director,
Meghalaya State AIDS Control Society,
Ideal Lodge, Oakland,
Shillong- 793001.
Meghalaya.

Subject: Management Letter of Meghalaya State AIDS Control Society.

Dear Sir/Madam,

This representation letter is provided in connection with our Audit of Financial Statement of Meghalaya State AIDS Control Society, Shillong for the year ended 31st March, 2013 for the purpose of expressing an opinion as to whether the Financial Statement gives true and fair view of financial position of Meghalaya State AIDS Control Society as on that date and of the result of operation for the financial year ended. The Management of MACS acknowledges their responsibility for preparation of Financial Statement in accordance with the requirements of National AIDS Control Organization, Ministry of Health & Family Welfare, Government of India.

We confirm to the best of our knowledge and belief, the following representation.

1. Accounting Policies

- i) The Accounting Policies which are material in determining the results of operation for the financial year or the financial position are set out in the financial statement and are consistent with those adopted in the financial statements of the previous year.
- ii) As per NACO guidelines, Society is maintaining Books of Accounts under cash system.



2. Fixed Assets

The Society has a satisfactory title to all assets and there are no liens or encumbrances on the Society's assets those are disclosed in the financial statements.

The net book values at which fixed assets are stated in the Balance Sheet are arrived at:

- i) After taking into account all capital expenditure and additions thereto.
- ii) Depreciation on Fixed Assets has not been charged.

Observations:

- i) Fixed Assets of the organization is not insured.
- ii) Organization maintains proper fixed assets register and all the records regarding purchase of assets are available in register. Approval for purchase, quotation, purchase order and bills are available in file.
- iii) Physical Verification certificates are prepared on yearly basis and same is provided for verification.

3. Loans and Advances

Advances given to Various NGO's, Autonomous Bodies and others are pending for settlement in many cases.

Advances to different collages:

During the year amount of Rs.4,15,000.00 was given to different collages for awareness programme out of which only Rs.3,38,600.00 was expended and balance amount was neither expended nor refunded to MACS. In case of advances to several collages, it was observed that the entire amount of advances had remained unutilized.

Advances to Autonomous Bodies:

The advances given to various Autonomous Bodies have not been settled as on 31.03.2012. In most of the cases, the advances remain unutilized and were not refunded to MSACS.

Advances to NGO's:

Out of the total advances given to various NGO's, Rs.3,52,411.00 remains unutilized as at year end as per the Utilisation Certificate. Almost all the NGO's has refunded the unutilized amount of advances to MACS other than Manbha Foundation (Rs.14,325/-) which is still to be refunded to MACS.



Overall Comment:

The above observations on failure to utilize the sanctioned amount and settlement of the same indicate efficiency of management of MSACS to this regard. The similar nature of discrepancies as briefed above has also been given in the previous year's Management Letter but the same continues for this financial year also.

The MSACS shall strengthen its monitoring over the advances given to various NGO'S and autonomous bodies.

4. Compliance of Statutory Provisions:

- i) MACS fail to deduct TDS on various payment's eligible for TDS deduction under section 194J and 194C. Short deduction and non-deduction of TDS on eligible payments are in violation of Income Tax Act which attracts interest and penalties under various sections and also results in disallowance of such expenditures.
- ii) On scrutiny of salary register, it is observed that no TDS has been deducted from the salary of employees whose salary income exceeds exemption limit as specified in Income Tax Act.
- iii) MACS also fail to file statutory returns on due date stipulated under relevant act. TDS Return for 3rd and 4th quarter of financial year 2012-13 has been filed late. Where a person fails to furnish quarterly TDS return, he shall be liable to pay, by way of fee (penalty) U/s 234(E) of Income Tax Act i.e. a sum of Rs. 200 for every day during which the failure continues.
- iv) MACS have sent all the documents for the purpose of exemption in Income Tax Act to NACO. NACO has applied for the centrally exemption under Income Tax Act for all the branches. It is under process and will get the registration approval soon.
- v) Income Tax return has also not been filed by MACS since its inception in 20/08/1998. The Macs is liable for penalty proceedings under section 271F of the Income tax act & the quantum of penalty is Rs.5000. The Macs is further liable for prosecution proceedings under section 276CC of the Income tax act which specify the rigorous imprisonment of 6 months to 7 year with fine.

5. Other Observation's on Internal Control:

I. Stock Register

On detailed scrutiny of the stock registers following discrepancies are observed.

Observations:

- ✓ Stock register is not periodically authenticated by any authorized person.
- ✓ Signatures of Recipients are missing on stock registers.



- ✓ Stock registers are maintained for consumable stock, condoms, ICTC kits, STI Stock register etc.
- ✓ Proper purchase procedure is followed by MSACS.

II. Log Book

MSACS has a Bolero vehicle for official purpose. They have provided its log book for verification. On detail checking of log book following discrepancies are observed:

- ✓ Signatures of vehicle users are missing.
- ✓ It does not periodically authenticated by any authorized person.
- ✓ No any authorized person calculated average kilo mitre per litre.
- ✓ It does not contain quantity and rate per litre of fuel.
- ✓ It does not contain bill number even.

It is suggested to the concerned officer to look in the above matter to prevent misuse of MSACS Fund.

Thanking You,

FOR Vinod Ajay & Associates
(Chartered Accountants)

Vinod Kumar
(Partner)



Place: New Delhi
Date: 14.08.2013