

# N. N. DAS & CO.

Chartered Accountants

e-mail : sghosal@vsnl.net

e-mail : mahuyaghosh2007@gmail.com

Ph. : (033) 2248-1661

8/2, Kiran Sankar Roy Road,  
2nd Floor, Rooms 26-27  
Kolkata - 700 001

## AUDITORS' REPORT

To  
The Project Director  
Mizoram state Aids Control Society  
Aizawl  
Mizoram

We have audited the accompanying financial statements of **NEW DBS FOR NACP IV** of the **National AIDS Control Project – Phase IV** (Financed under World Bank) as on 31<sup>st</sup> March, 2013. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with Standards of Auditing issued by the Institute of Chartered Accountants of India. The Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examination, on a test basis, evidence supporting 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, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements, read with the observations set out in the management letter vide Annexure A give a true and fair view of the Sources and Application of Funds and the financial position of **Mizoram State Aids Control Society** for the year ended 31<sup>st</sup> March, 2013, in accordance with consistently applied Accounting Standards.

In addition a) with respect to IFRs, adequate supporting documents have been maintained to support the IFRs b) 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 guidelines.

Dated : 25<sup>th</sup> May 2013  
Place : Aizawl

For N.N.Das & Co.  
CHARTERED ACCOUNTANTS

(CA SUKUMAR GHOSAL, Partner)

MRN.: 12957

FRN.:301008E

  
**Project Director**  
**State AIDS Control Society**  
Mizoram : Aizawl


**MIZORAM STATE AIDS CONTROL SOCIETY, AIZAWL**  
**MIZORAM**

**NEW DBF FUND**

**Period: Half yearly Ended 31<sup>st</sup> March, 2013**

**MANAGEMENT LETTER**

1.	Comments and observation on the accounting records, system and control that were examined during the course of audit	:	Proper accounting records, system and controls were maintained by the Society
2.	Specific deficiencies and areas of weakness in the system and controls and make recommendations for their improvement	:	<p>➤ <b>Advance Monitoring</b></p> <p><b>Advance to staff:</b></p> <ul style="list-style-type: none"> <li>▪ Delayed settlement of advances has been noted which in few cases have extended even more than 2 months. (Instances have been updated to the unit)</li> <li>▪ As per the NACO guideline, fresh advances to be issued once the early advances are settled, however we have come across instances where subsequent advances have been given without settlement of previous advances. (Instances have been updated to the unit)</li> </ul> <p><b>Advance to NGO:</b></p> <p>Advances to the tune of Rs. 72.53 lacs is pending with various NGOs, pending settlement. Audited SOE/UC has not been submitted till the date of audit.</p> <p><b>Advance to others:</b></p> <ul style="list-style-type: none"> <li>▪ Mr. Lallianzuala, a consultant of UNICEF advanced during the year 12-13 which has not been settled till date. Our observations are as follows in this regards : <ul style="list-style-type: none"> <li>✓ There is no formal contract with him and UNICEF towards this arrangement</li> <li>✓ We understand that UNICEF was supposed to charge any fee to him for this activity but 2 subsequent advances have been made to the consultant which remains unsettled till <ul style="list-style-type: none"> <li>a) Rs. 54,048 was approved by the Director vide an order dated 17.03.13 approving a loan of Rs. 54,048 funded from Component III of Action Plan 12-13, to be refunded with immediate effect.</li> <li>b) Rs. 204700 subsequently advanced on 21.03.13 pending on account of which the consultant was not even approved</li> </ul> </li> </ul> </li> </ul>

  
**Project Director**  
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**Mizoram : Aizawl**





- Advances given to the various institutions, pending settlement till 31.03.13 have been listed out below :

Name of the institution	Date of advance	Amount
Kamalanagar College (114)	01.08.12	5000
College of teachers Education (116)	01.08.12	5000
Industrial Training Institute (147)	01.08.12	5000
HATIM, Lunglei (161)	01.08.12	5000

SOE (statement of expenditure) has not been received from the institutions, thus the advances remains unsettled/pending as on 31.03.13.

- Advance to District authority:**


Rs. 10.23 lacs is pending for adjustment due to non availability of last SOE/UC till the date of our audit.

➤ **Insurance**


- Insurance on the cash in hand (with an average balance of about Rs. 1 lac) has not been undertaken as required by NACO guidelines.

➤ **Fixed Assets Register**

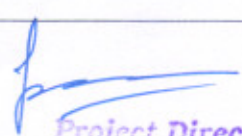
- The register do not have reference to the identification details as required by NACO (12.2). Only brief locations are maintained which is not enough to locate the assets.
- There are assets which are damaged/ non workable condition, with suitable sanction the assets may have to be written off.
- There is one DVD Player stationed at Civil Hospital, Aizawl and two sets of computer at ART centre which have been reported as stolen and not recovered, these assets also may have to be written off with suitable approval.
- The assets do not mention whether these are under warranty or in AMC as required by NACO guidelines (Clause 12.2).

  
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Asst. Director (Fin)  
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		<ul style="list-style-type: none"> <li>Books of accounts could not be reconciled with the total value of assets as recorded in the Fixed Assets Register as the assets have not been maintained fund wise thus fund wise reconciliation was not possible.</li> </ul> <p>➤ <b>Cash In hand:</b></p> <ul style="list-style-type: none"> <li>Quarterly physical verification of cash has not been undertaken by the Society as required by the NACO guidelines.</li> <li>Bank Reconciliation statement There are few cheques issued but not presented to bank for more than 3 months, thereby making the cheques stale. Ideally the entries are required to be reversed.</li> </ul> <table border="1"> <thead> <tr> <th>Cheque Date</th><th>Cheque No</th><th>Amount (Rs.)</th></tr> </thead> <tbody> <tr> <td>01.08.12</td><td>543378</td><td>6000</td></tr> <tr> <td>10.09.12</td><td>543452</td><td>842</td></tr> <tr> <td>29.11.12</td><td>543929</td><td>5000</td></tr> </tbody> </table>	Cheque Date	Cheque No	Amount (Rs.)	01.08.12	543378	6000	10.09.12	543452	842	29.11.12	543929	5000
Cheque Date	Cheque No	Amount (Rs.)												
01.08.12	543378	6000												
10.09.12	543452	842												
29.11.12	543929	5000												
3.	Report on degree of compliances with the Financial/internal control procedure as documented in the financial manual of the project	: Other than the above observations there are no other major observations												
4.	Report any procurement which has not been carried out as per the procurement manual issued by NACO	: No such procurement has been done during our period.												
5.	Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the Society	: No major matters that came to our notice in the course of our audit which may materially affect financial statements or our audit opinion, other than those indicated above.												
6.	Bring to attention any other matter that the auditors consider pertinent	: <p>While checking of schedules for receipt &amp; Payment and Income &amp; Expenditure, we observed that there is set format in the NACO system where figures have stated 'as at' instead of 'for the period ended' and in the balance sheet, it is to be 'as at' instead of 'For the period'.</p> <p>For the change of wording in the format, it is advisable to consult with NACO, however the organisation has correctly reported the figure for the period.</p> <p>While checking general fund account as at 31<sup>st</sup> March, 2013 and its corresponding figure as at 31<sup>st</sup> March, 2012, it has been observed that a sum of Rs. 6060.36 has been shown as recovery/Deduction of Grant but that was not reflected in other places. Opening Grant has been</p>												


  
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		shown as NIL instead of Rs.6060.36, the management has informed us that the entire movement has come from NACO and they are not in a position to explain the transaction.
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 Mizoram : Aizawl



  
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NACO

## Mizoram SACS - New DBS for NACPIV

P.O. Kulkawn, Aizawl- 796001

National AIDS Control Project - Phase III

## Utilisation Certificate

Certified that an amount of Rs. 135,202,426.86 received as grants-in-aid 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. 786,222.00. a sum of Rs. 117,140,836.50 has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. 7,330,909.36 (and Current Liabilities of Rs. 0.00 )and outstanding advances of Rs.11,516,903.00. 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
	T.11017/02/2012 - NACO (F) dated 10 <sup>th</sup> May '12	539,04,000.00
		539,00,000.00
		6,19,000.00
	Total	135,202,426.86

Total = 10

2. Certified that I have satisfied myself that the conditions on which 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)



*[Signature]*  
Project Director  
State AIDS Control Society  
(Project Director)  
Aizawl

*[Signature]*  
Asst. Director (Finance)  
State AIDS Control Society  
Mizoram : Aizawl



Sources of funds	Amount (Rs.)
Grant from NACO to SACS	108,423,000.00
Recovery/Deduction of Grants	652,772.86
NACPIII Closure	26,126,654.00
	<u>135,202,426.86</u>
Utilisation of funds	Amount (Rs.)
Other Lab. Supplies	20,000.00
IEC	6,805,083.00
NGO Services	3,170,014.00
Operational Expenses	74,305.00
Training	5,599,790.00
Salary	20,979,539.00
Equipment Maintenance	346,465.00
Vehicle Maintenance	641,285.00
Travelling Expenses	3,647,202.00
Rent, Rates & Taxes	600,000.00
Telephone/Communication Expenses	353,301.00
Honorarium	66,600.00
Bank Charges	5,172.00
Miscellaneous Expenses	1,881,448.00
Printing & Stationery	715,785.00
Leave Salary & Pension Contributions	448,565.00
Advertisement (Other than IEC)	139,000.00
Medical Expenses	752,772.00
Water and Electricity Charges	129,625.00
Audit Fees	863,701.00
NGO Services for Priority Interventions	38,758,388.00
Postage/Courier	277,963.00
Quality Assessment	196,034.00
Other Administration Cost	535,190.00
Contractual Services - Companies	522,813.50
Campaigns	1,192,870.00
Contingency	131,525.00
Consumable Items	959,060.00
Meeting Expenses	144,010.00
Furniture, Fixtures & Supplies	598,547.00
Equipment (Other)	401,700.00
Office Equipment	56,430.00
NACPIII Civil Works	2,673,652.00
NACPIII Furniture, Fixtures & Supplies	2,752,735.00
NACPIII Blood Bank Equipments	9,419,567.00
NACPIII Equipment (Other)	3,422,001.00
NACPIII Vehicles	1,745,444.00
NACPIII Office Equipment	6,113,255.00

	117,140,836.50
<b>Bank Interest &amp; Miscellaneous Receipts</b>	<b>Amount (Rs.)</b>
Other Receipts	300.00
Interest from Bank	785,922.00
	<u>786,222.00</u>
<b>Closing balance of Net Current Assets</b>	<b>Amount (Rs.)</b>
Cash in hand	152,680.00
Ac. No. 605301011000523 Vijaya Bank	7,178,229.36
Advance to Others	1,497,002.00
Advance to NGOs	7,253,705.00
Advance to Staff	1,086,708.00
Advance to District Authorities	1,023,988.00
Advance to District Hospitals	655,500.00
	<u>18,847,812.36</u>

*[Signature]*  
**Project Director**  
**State AIDS Control Society**  
**Mizoram : Aizawl**



*[Signature]*  
**Asst. Director (Finance)**  
**State AIDS Control Society**  
**Mizoram : Aizawl**



**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.)
	<b>Opening Balance:</b>			33,203,083.00	LOANS AND ADVANCES	17	33,638,329.00
0.00	Cash in hand		52,829.00	313,150.00	FIXED ASSETS	16	543,527.00
0.00	Balance with Bank	30	6,782,124.86	80,884.00	CURRENT LIABILITIES	32	80,884.00
0.00	LOANS AND ADVANCES	17	2,000,000.00	20,175.00	Kits and Other Lab Supplies	18	938,885.00
53,910,060.36	GENERAL FUND	29	55,165,712.50	185,685.00	Training and Workshops	20	912,630.00
80,884.00	CURRENT LIABILITIES	32	80,884.00	10,586,647.00	Salary (Pay and Allowances)	25	11,660,829.00
198,147.00	Other Income	56	588,075.00	353,032.00	Maintenance Costs	26	631,358.00
<u>54,189,091.36</u>			<u>64,669,625.36</u>	2,367,605.50	Operational Expenses	27	4,800,140.00
				0.00		NULL	6,770.00
				243,876.00	IEC		4,132,134.00
					<b>Closing Balance:</b>		
				52,829.00	Cash in hand		152,680.00
				6,782,124.86	Balance with Bank	31	7,178,229.36
				<u>54,189,091.36</u>			<u>64,669,625.36</u>

Asst. Director (Finance)  
State AIDS Control Society  
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# LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Inter Unit Fund Transfer	2,000,000.00	0.00
Total	2,000,000.00	0.00

# GENERAL FUND

Schedule 29

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Grant from NACO to SACS	54,519,000.00	53,904,000.00
Recovery/Deduction of Grants	646,712.50	6,060.36
Total	55,165,712.50	53,910,060.36

# Balance with Bank

Schedule 30

Particulars	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
Ac. No. 605301011000523 Vijaya Bank	6,782,124.86	0.00
Total	6,782,124.86	0.00

Asst. Director (Finance)  
State AIDS Control Soc  
Mizoram : Aizawl

Project Director  
State AIDS Control Soc  
Mizoram : Aizawl





## CURRENT LIABILITIES

## Schedule 32

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
General Provident Fund	0.00	79,924.00
Group Insurance Scheme	0.00	960.00
Other Recoveries	80,884.00	0.00
<b>Total</b>	<b>80,884.00</b>	<b>80,884.00</b>

## Other Income

## Schedule 56

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Other Receipts	300.00	0.00
Interest from Bank	587,775.00	198,147.00
<b>Total</b>	<b>588,075.00</b>	<b>198,147.00</b>

Asst. Director (Finance)  
State AIDS Control Society  
Mizoram : Aizawl

*[Signature]*



Project Director  
State AIDS Control Society  
Mizoram : Aizawl

*[Signature]*

## LOANS AND ADVANCES

Schedule 17

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Advance to Others	1,760,900.00	4,251,640.00
Advance to NGOs	24,997,510.00	24,684,185.00
Advance to Staff	5,085,219.00	1,294,058.00
Advance to District Authorities	1,153,000.00	513,000.00
Advance to District Hospitals	641,700.00	460,200.00
Inter Unit Fund Transfer	0.00	2,000,000.00
<b>Total</b>	<b>33,638,329.00</b>	<b>33,203,083.00</b>

## FIXED ASSETS

Schedule 16

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Furniture , Fixtures & Supplies	247,347.00	151,200.00
Equipment (Other)	254,400.00	147,300.00
Office Equipment	41,780.00	14,650.00
<b>Total</b>	<b>543,527.00</b>	<b>313,150.00</b>

Asst. Director (Finance)  
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Project Director  
State AIDS Control Society  
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## CURRENT LIABILITIES

Schedule 32

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
General Provident Fund	79,924.00	0.00
Group Insurance Scheme	960.00	0.00
Other Recoveries	0.00	80,884.00
<b>Total</b>	<b>80,884.00</b>	<b>80,884.00</b>

## Kits and Other Lab Supplies

Schedule 18

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Consumable Items	938,885.00	20,175.00
<b>Total</b>	<b>938,885.00</b>	<b>20,175.00</b>

## Training and Workshops

Schedule 20

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Training	912,630.00	185,685.00
<b>Total</b>	<b>912,630.00</b>	<b>185,685.00</b>

Asst. Director (Finance)  
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## Salary (Pay and Allowances)

## Schedule 25

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Salary	10,865,237.00	10,114,302.00
Honorarium	66,600.00	0.00
Leave Salary & Pension Contributions	0.00	448,565.00
Medical Expenses	728,992.00	23,780.00
<b>Total</b>	<b>11,660,829.00</b>	<b>10,586,647.00</b>

## Maintenance Costs

## Schedule 26

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Equipment Maintenance	280,123.00	66,342.00
Vehicle Maintenance	351,235.00	286,690.00
<b>Total</b>	<b>631,358.00</b>	<b>353,032.00</b>

Asst. Director (Finance)  
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## Operational Expenses

## Schedule 27

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Operational Expenses	0.00	30,030.00
Travelling Expenses	2,268,643.00	713,882.00
Rent, Rates & Taxes	350,000.00	250,000.00
Telephone/Communication Expenses	147,331.00	132,972.00
Bank Charges	2,471.00	2,701.00
Miscellaneous Expenses	27,319.00	21,578.00
Printing & Stationery	577,143.00	74,078.00
Advertisement (Other than IEC)	87,800.00	51,200.00
Water and Electricity Charges	81,167.00	48,458.00
Audit Fees	379,026.00	484,675.00
Postage/Courier	226,926.00	48,037.00
Quality Assessment	16,650.00	0.00
Other Administration Cost	423,854.00	88,696.00
Contractual Services - Companies	150,315.00	372,498.50
Contingency	54,725.00	48,800.00

## Schedule NULL

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Meeting Expenses	6,770.00	0.00
<b>Total</b>	<b>6,770.00</b>	<b>0.00</b>

Asst. Director (Finance)  
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State AIDS Control Society  
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## Balance with Bank

## Schedule 31

Particulars	As at 31-Mar-13 (Rs.)	As at 30-Sep-12 (Rs.)
Ac. No. 605301011000523 Vijaya Bank	7,178,229.36	6,782,124.86
Total	7,178,229.36	6,782,124.86

Asst. Director (Finance)  
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