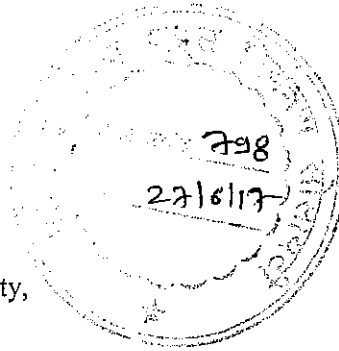


AGARWAL A KUMAR & ASSOCIATES
CHARTERED ACCOUNTANTS

3505, SECTOR- 32- D, C/61
FIRST FLOOR
CHANDIGARH - 160030
PHONE: OFF: 9814406375, 2604484
FAX: 172 - 2604484
E-MAIL: aakchdi@gmail.com
aakchd2014@rediffmail.com

To,
The Project Director,
Maharashtra State AIDS Control Society,
Mumbai



RE: MANAGEMENT LETTER OF STATUTORY AUDIT
OF THE MSACS FOR THE YEAR ENDING MARCH 31, 2017
-TI POOL FUND

Sir/Madam,

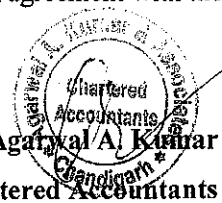
We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. The issues which come forth during the audit which raises our suspicion and form our basis for the comments in the audit report though not affecting the true and fair view of the transactions of the society and the depiction in the Statement of Expenditure are detailed below:

1. The overall preparation and maintenance of the accounts of the society was satisfactory expect that the record related to the advances have not been maintained properly and hence it requires a serious effort on part of the management of the society to update and employ proper accounting systems for the advances.
2. The annual verification of the assets are carried out but not completed so nor any records of such verification have been produced before us. It is advised that the verification be conducted immediately.
3. Further the procurement system followed by the society is in agreement with the Financial and Management Manual of the NACO.

Place: Chandigarh

Date : 22-06-2017

For Agarwal A Kumar & Associates
Chartered Accountants



Signature of Auditor (s)

**STATUTORY AUDIT REPORT OF MAHARASHTRA STATE AIDS CONTROL
SOCIETY FOR THE YEAR ENDING MARCH 31, 2017 –TI POOL FUND**

To,
The Project Director,
Maharashtra State Aids Control Society,
Mumbai.

Introduction

We have audited the accompanying financial statements of Maharashtra State AIDS Control Society under the National AIDS Control Project – Phase IV (financed under World Bank Credit and DFID grant collectively referred to as “TI Pool Fund”) as of 31st March, 2017. These financial statements comprise of the Balance Sheet as on 31st March, 2017; Statement of Income & Expenditure and Receipt & Payment Account for the period from 1st April, 2016 to 31st March, 2017. 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

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.

Opinion

In our opinion, the financial statement read with observation, if any, give a true and fair view of Sources and Application of Funds and the financial opinion of Maharashtra State AIDS Control Society for the year ended March 31, 2017 in accordance with consistency applied accounting standards.

In addition, (a) with respect to IFRs, adequate supporting documentations has been maintained to support the IFRs subject to our observations given in the annexure to this report, (b) which expenditures are eligible for financing under the Credit/Grant Agreement, subject to our observations given in the annexure to this report (c) procurement of goods and services has been carried out as per procurement manual issued by NACO, GOI, and NGO/CBO guidelines subject to our observations given in the annexure to this report.

Place: Chandigarh

Date : 22-06-2017



For Agarwal A. Kumar & Associates

Chartered Accountants

Signature of Auditor (s)

SCHEDULE – B NOTES FORMING PART OF ACCOUNTS

MAHARASHTRA STATE AIDS CONTROL SOCIETY – TI POOL FUND

Following observations were noted during the course of statutory audit of the Maharashtra State Aids Control Society for the year ending 31st March, 2017 – Pool Fund for the financial year 2016 –17.

1. Preparation of Final Account

Final accounts such as Income & Expenditure Account & Receipt and Payment Account have been prepared by MSACS as per format prescribed by National Aids Control Organization (NACO). The consolidated financial statements are prepared incorporating the funds/grants received from various organizations.

2. Maintenance of Accountants & Records

Society maintains its books of accounts on cash basis. This is contrary to the prescribed Accounting Standard 1 recommended by ICAI. Society has maintained following books in accounting software provided by NACO, namely

- 2.1 Petty Cash Book
- 2.2 Cash Book
- 2.3 Journal Book
- 2.4 General Ledger
- 2.5 Budget vs Actual expenditure

3. Status of Outstanding

During scrutiny of outstanding ledger we found that some of cases advances are not settled within the required time limit as specified in the guidelines and conditions prescribed in the financial agreement of the World Bank. Total outstanding in TI Pool Fund of Rs. 168658201.38/- in NGOs.

4. Checking of Bank Records

While checking of bank transactions we noted that there are following closing balance of bank:

Particulars	Amount(Rs)	Amount(Rs)
Balance as per cash book		554545.00
Add: Cheque issued but not present for payment	346010.00	
Directly Credited by Bank	11513415.00	11859425.00
Less: Cheques deposited but not cleared	45416.00	
Directly Debited by Bank	5212.50	50628.50
Balance as per bank statement		12363341.50



Maharashtra SACS – TI POOL FUND

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

National AIDS Control Project - Phase III

Utilisation Certificate

Certified that an amount of Rs. **213,743,000.00** received as grants-in-aid received from Department of AIDS Control (NACO) during the Fin.Year **2016-17** vide letter No. given below and opening Cash/Bank Balance Rs. **1,057,027.00** (and Current Liabilities of Rs. **10,314.00**) and outstanding Advances for Rs. **44,412,128.00** on account of unspent balance brought forward from the previous financial year, and Bank Interest and Miscellaneous Receipts of Rs. **1,239,377.00** a sum of Rs. **164,829,856.62** has been utilized for the purpose for which it was sanctioned and the Cash/Bank balance of Rs. **554,545.00** (and Current Liabilities of Rs. **1,385.00**) and outstanding advances of Rs. **127,158,201.38** remaining unutilized at the end of the year will be adjusted towards the grants-in-aid payable during the next year. **Received Fund Rs. 32,100,000.00**

Sl. No.	Sanction letter Number and Date	Amount
1.	Z-17018/6/2016-NACO (F) AAP 2016-17 Dt. 26-05-2016	5, 34, 36,000.00
2.	Z-17018/6/2016-NACO (F) AAP 2016-17 Dt. 30-06-2016	5, 34, 36,000.00
3.	Z-17018/6/2016-NACO (F) AAP 2016-17 Dt. 27-09-2016	5, 34, 36,000.00
4.	Z-17018/6/2016-NACO (F) AAP 2016-17 Dt. 17-01-2017	5, 34, 35,000.00
Total		213,743,000.00

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

Countersigned



Chartered Accountant

JOINT DIRECTOR (Finance)
Maharashtra State AIDS;
Control Society, Mumbai

PROJECT DIRECTOR
Maharashtra State AIDS;
Control Society, Mumbai.

Opening balance of Net Current Assets	Amount (Rs.)
TIPF-Bank	1,057,027.00
Advance to NGOs	85,912,128.00
Inter Unit Fund Transfer	-41,500,000.00
	<u>45,469,155.00</u>
Opening balance of Net Current Liabilities	Amount (Rs.)
TDS (Others)	10,314.00
	<u>10,314.00</u>
Sources of funds	Amount (Rs.)
Grant from NACO to SACS	213,743,000.00
Recovery/Deduction of Grants	32,100,000.00
	<u>245,843,000.00</u>
Utilisation of funds	Amount (Rs.)
Other Lab. Supplies	251,746.00
STI Drugs	112,231.00
OI Drugs	1,576,448.00
Training	684,097.00
Salary	95,731,989.00
Travelling Expenses	6,256,137.00
Rent, Rates & Taxes	8,195,327.00
Telephone/Communication Expenses	1,797,635.00
Honorarium	41,001,342.00
Printing & Stationery	478,385.00
Water and Electricity Charges	269,454.00
NGO Services for Priority Interventions	4,249,229.00
Postage/Courier	70,379.00
Other Administration Cost	2,499,841.62
Need Based Assistance	144,613.00
Campaigns	604,742.00
Meeting Expenses	385,451.00
Office Equipment	520,810.00
	<u>164,829,856.62</u>
Bank Interest & Miscellaneous Receipts	Amount (Rs.)
Other Receipts	38,065.00
Interest from Bank	1,201,312.00
	<u>1,239,377.00</u>
Current Liabilities	Amount (Rs.)
TDS (Others)	1,231.00
Other Recoveries	154.00
	<u>1,385.00</u>
Closing balance of Net Current Assets	Amount (Rs.)

C/71

C/73

TIPF-Bank	554,545.00
Advance to NGOs	168,658,201.38
Inter Unit Fund Transfer	-41,500,000.00
	<u>127,712,746.38</u>

Maharashtra AIDS Control - TPO L F NI

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

National AIDS Control Project - Phase III

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678

Balance Sheet

For The Period From : 01-Apr-2016 To :31-Mar-2017

GENERAL FUND		01	127,711,361.38	4,173,963.00	FIXED ASSETS	02	4,694,773.00
CURRENT LIABILITIES AND PROVISIONS					CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT LIABILITIES		0501	1,383.00	1,057,027.00	CURRENT ASSETS	0301	554,545.00
FIXED ASSET FUND			4,694,773.00	44,412,128.00	LOANS AND ADVANCES	0401	127,158,201.38
			<u>132,407,519.38</u>	<u>49,643,118.00</u>			<u>132,407,519.38</u>



FC/FM/FO

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

Patil
Project Director

Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

General Fund

Schedule 01

Figures in Rupees

Opening grant in aid	45,458,841.00		8,122,460.00
Add: Received during the year			
Grant from NACO to SACS	213,743,000.00		157,132,000.00
Recovery/Deduction of Grants	32,100,000.00		26,000,000.00
Less: Utilised during the year			
Grants utilised to the extent of revenue expenditure	163,069,669.62		129,066,779.00
Grants utilised to the extent of fixed asset expenditure	520,810.00		483,920.00
Closing grant in aid	127,711,361.38		45,458,841.00

Fixed Asset

Schedule 02

Figures in Rupees

Office Equipment (2206)	4,173,963.00	520,810.00	0.00
Grand Total	4,173,963.00	520,810.00	0.00
			4,694,773.00

14/2

Funds from Other Sources

Schedule 03

Figures in Rupees

Particulars	Opening Balance	Grants Received	Grants Utilised/ Reimburse	Closing Balance
Grand Total				

CURRENT ASSETS

Schedule 0301

Figures in Rupees

Particulars	Balance as at 31/03/2017 (Rs.)	Balance as at 31/03/2016 (Rs.)
TIPF-Bank	554,545.00	1,057,027.00
Total	554,545.00	1,057,027.00

LOANS AND ADVANCES

Schedule 0401

Figures in Rupees

Particulars	Balance as at 31/03/2017 (Rs.)	Balance as at 31/03/2016 (Rs.)
Advance to NGOs	168,658,201.38	85,912,128.00
Inter Unit Fund Transfer	-41,500,000.00	-41,500,000.00
Total	127,158,201.38	44,412,128.00

CURRENT LIABILITIES

Schedule 0501

Figures in Rupees

Particulars	Balance as at 31/03/2017 (Rs.)	Balance as at 31/03/2016 (Rs.)
Other Recoveries	154.00	0.00
TDS (Others)	1,231.00	10,314.00
Total	1,385.00	10,314.00

Ma ara tra AC -T PO LI NI

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-2016 To :31-Mar-2017

	06	251,746.00	406,990.00	Other Income	28	1,239,377.00
Kits and Other Lab Supplies	07	1,688,679.00	129,066,779.00	Grants utilised to the extent of revenue expenditure		163,069,669.62
Medicines	08	1,288,839.00				
Training and Workshops	11	4,249,229.00				
NGO Services	13	136,733,331.00				
Salary (Pay and Allowances)	14	144,613.00				
Maintenance Costs	15	19,952,609.62				
Operational Expenses	NULL	385,451.00				
200,355.00		<u>164,309,046.62</u>	<u>129,473,769.00</u>			<u>164,309,046.62</u>
0.00						
5,730,400.00						
0.00						
107,811,079.00						
146,501.00						
20,585,434.00						
269,927.00						
<u>129,473,769.00</u>						



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

Parvati

Project Director
Maharashtra State AIDS;
Control Society, Mumbai.

2/83

Schedule 28

Other Income

Particulars	Year 2016-17 (Rs.)	Year 2017-18 (Rs.)
Other Receipts	38,065.00	50,027.00
Interest from Bank	1,201,312.00	356,963.00
Total	1,239,377.00	406,990.00

Schedule 06

Kits and Other Lab Supplies

Particulars	Year 2016-17 (Rs.)	Year 2017-18 (Rs.)
Other Lab. Supplies	251,746.00	200,355.00
Total	251,746.00	200,355.00

Schedule 07

Medicines

Particulars	Year 2016-17 (Rs.)	Year 2017-18 (Rs.)
STI Drugs	112,231.00	0.00
OI Drugs	1,576,448.00	0.00
Total	1,688,679.00	0.00

Training and Workshops

Schedule 08

Particulars	Year 2016-17 (Rs.)	Year 2017-18 (Rs.)
Training	684,097.00	2,773,620.00
Campaigns	604,742.00	2,956,780.00
Total	1,288,839.00	5,730,400.00

NGO Services

Schedule 11

Particulars	Year 2016-17 (Rs.)	Year 2017-18 (Rs.)
NGO Services for Priority Interventions	4,249,229.00	0.00
Total	4,249,229.00	0.00

Salary (Pay and Allowances)

Schedule 13

Particulars	Year 2016-17 (Rs.)	Year 2017-18 (Rs.)
Salary	95,731,989.00	60,916,812.00
Honorarium	41,001,342.00	41,894,267.00
Total	136,733,331.00	102,811,079.00

C/85

Maintenance Costs

Schedule 14

Description		Actual Maintenance (R\$)	Need Based Assistance (R\$)
Need Based Assistance		144,613.00	146,501.00
Total		144,613.00	146,501.00

C/91

Operational Expenses

Schedule 15

Particulars	Actual Expenses 2016-17 (Rs.)	Actual Expenses 2015-16 (Rs.)
Travelling Expenses	6,256,137.00	6,934,545.00
Rent, Rates & Taxes	8,195,327.00	11,402,467.00
Telephone/Communication Expenses	1,797,635.00	324,579.00
Bank Charges	0.00	1,589.00
Printing & Stationery	478,385.00	443,396.00
Water and Electricity Charges	269,454.00	251,095.00
Postage/Courier	70,379.00	20,487.00
Other Administration Cost	2,499,841.62	937,349.00

Schedule NULL

Particulars	Actual Expenses 2016-17 (Rs.)	Actual Expenses 2015-16 (Rs.)
Meeting Expenses	385,451.00	269,927.00
Total	385,451.00	269,927.00

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C/93

National AIDS Control Project - Phase III

Receipt And Payment Account

For The Period From : 01-Apr-2016 To : 31-Mar-2017

[illegible]

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

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Schedule 29

GENERAL FUND

Particulars	2016-17 (Rs.)	2015-16 (Rs.)
Grant from NACO to SACS	213,743,000.00	157,132,000.00
Recovery/Deduction of Grants	32,100,000.00	26,000,000.00
Total	245,843,000.00	183,132,000.00

Schedule 30

Balance with Bank

Particulars	2016-17 (Rs.)	2015-16 (Rs.)
TIPF-Bank	1,057,027.00	8,372,398.00
Total	1,057,027.00	8,372,398.00

Schedule 32

CURRENT LIABILITIES

Particulars	2016-17 (Rs.)	2015-16 (Rs.)
TDS (Others)	0.00	1,026.00
Other Recoveries	154.00	0.00
Total	154.00	1,026.00

2192

Other Income		Schedule 56
		Amount in Lakhs (Rs)
Other Receipts	38,065.00	50,027.00
Interest from Bank	1,201,312.00	356,963.00
Total	1,239,377.00	406,990.00

LOANS AND ADVANCES		Schedule 17
		Amount in Lakhs (Rs)
Advance to NGOs	241,329,769.00	188,224,559.00
Total	241,329,769.00	188,224,559.00

CURRENT LIABILITIES		Schedule 32
		Amount in Lakhs (Rs)
TDS (Others)	9,083.00	0.00
Total	9,083.00	0.00

Training and Workshops

Schedule 20

Particulars	Actual 11 Mar 17 (R)	Actual 30 Mar 16 (R)
Training	0.00	4,783.00
Campaigns	0.00	619,660.00
Total	0.00	624,443.00

NGO Services

Schedule 23

Particulars	Actual 11 Mar 17 (R)	Actual 30 Mar 16 (R)
NGO Services for Priority Interventions	4,249,229.00	0.00
Total	4,249,229.00	0.00

Salary (Pay and Allowances)

Schedule 25

Particulars	Actual 11 Mar 17 (R)	Actual 30 Mar 16 (R)
Salary	0.00	26,815.00
Total	0.00	26,815.00

2/10/17

Maintenance Costs		Schedule 26
Particulars		Amount
Need Based Assistance	0.00	5,989.00
Total	0.00	5,989.00

Operational Expenses		Schedule 27
Particulars		Amount
Travelling Expenses	1,003,645.00	414,455.00
Rent, Rates & Taxes	888,661.00	1,438,542.00
Bank Charges	0.00	1,589.00
Postage/Courier	0.00	4,712.00
Other Administration Cost	0.00	97,849.00

Schedule NULL	
Particulars	
Meeting Expenses	104,626.00
Total	104,626.00

27163

Schedule 31

Balance with Bank

TIPF-Bank		2017-2018 (RS)	2017-2018 (RS)
		554,545.00	1,057,027.00
Total		554,545.00	1,057,027.00