

AUDITOR'S REPORT

To
The Project Director,
Nagaland State AIDS Control Society,
Kohima-1, Nagaland.

We have audited the accompanying financial statements of the Nagaland State AIDS Control Society in respect of Pool Fund as of March 31, 2008. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

In our opinion, the financial statements, read in observation, if any; give a true and fair view of the Sources and Application of Funds and the financial position of Nagaland State Aids Control Society in respect of Pool Fund for the year ended March 31, 2008, in accordance with consistently applied accounting standards.

In addition, (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 subject to our management letter.



PLACE : GUWAHATI
DATED : 21.07.2008

P. GAGGAR & ASSOCIATES
CHARTERED ACCOUNTANTS

(P.GAGGAR)
PARTNER (M.NO.40259)

NAGALAND SACS - POOL FUND
HEALTH & FAMILY WELFARE DEPARTMENT, NEW SECRETARIAT BUILDING, KOHIMA - 797 001
NATIONAL AIDS CONTROL PROJECT - PHASE-III (CREDIT NO. 3242-IN)

BALANCE SHEET

FOR THE PERIOD FROM 01-APRIL-2007 TO 31- MARCH- 2008

	GENERAL FUND :			FIXED ASSETS :	
62,835,366.00	Opening Balance 38,737,603.00		37,001,404.00	(Refer details as per Schedule-'1')	45,730,750.00
	Add::			CURRENT ASSETS, LOANS & ADVANCES:	
109,264,000.00	Grant Received during the period			CURRENT ASSETS :	
	Pool Fund- World Bank			CASH & BANK BALANCES :	
-	NACO to SACS 133,770,000.00			Bank of Baroda, Kohima 59,858,813.00	
172,099,366.00	172,507,603.00			Cash-in-hand 62,000.00	59,920,813.00
	Less::				
121,191,501.00	Utilised during the year				
	Grants utilised to the extent of				
	Revenue Expenditure 86,692,041.00		24,621,044.00		
12,170,262.00	Grants utilised to the extent of				
	Fixed Assets Expenditure 8,729,346.00	77,086,216.00	62,000.00	LOANS AND ADVANCES	
38,737,603.00				Advance to Others 2,772,152.00	
37,001,404.00	FIXED ASSETS FUND	45,730,750.00		Advance to NGOs 7,950,066.00	
				Advance to Staff 4,810,386.00	
				Advance to Autonomous Bodies 70,000.00	
				Advance to District Authorities 1,562,799.00	17,165,403.00
75,739,007.00	Total Rs.	122,816,966.00	75,739,007.00	Total Rs.	122,816,966.00

In terms of our REPORT of even date annexed hereto.

For P. GAGGAR & ASSOCIATES
 CHARTERED ACCOUNTANTS


 P. GAGGAR
 PARTNER (M.NO. 40259)

Guwahati, the 21st July, 2008




 PROJECT DIRECTOR

PROJECT DIRECTOR

NAGALAND STATE AIDS CONTROL SOCIETY
(POOL FUND)

UTILIZATION CERTIFICATE

Certified that out of Rs. 13,37,70,000/- received as Grant-in-Aid during the year from the Ministry of Health and Family Welfare (National AIDS Control Organization) vide letter Nos. as mentioned hereunder, Rs. 3,87,37,639/- (including advances for Rs. 1,40,54,505/-) on account of unspent brought forwarded from Previous financial year and Rs. 11,21,547/- on account of Bank Interest/Other Receipt received during the year a sum of Rs. 9,65,12,934/- has been utilized for the purpose for which it was sanctioned and that the balance of Rs. 7,70,80,337/- including advances of Rs. 1,71,65,407/- remaining unutilized at the end of the year will be adjusted towards the grants-in-aid payable during the next year 2008-2009;

S. No.	Letter No. and date	Rs. In lakh
1	T11017/25/2007- NACO(PFMU) dated 16.07.07	6,26,02,000
2	T11017/25/2007- NACO(PFMU) dated 28.09.07	1,35,13,000
3	T11017/25/2007- NACO(PFMU) dated 28.12.07	5,76,55,000
	Total Rs.	13,37,70,000

2. Certified that we have satisfied our self that the condition on which the grants-in-aid was sanctioned has been duly fulfilled/are being fulfilled and that we have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Types of checks exercised

1. Verification of books of account with supporting vouchers.
2. State Budget of Expenditure.
3. Annual Financial Statements

FOR P.GAGGAR & ASSOCIATES
CHARTERED ACCOUNTANTS

P.GAGGAR
PARTNER (M.NO.40259)

PLACE: GUWAHATI
DATE: 21.7.2008



(PROJECT DIRECTOR)

NAGALAND SACS - POOL FUND
HEALTH & FAMILY WELFARE DEPARTMENT, NEW SECRETARIAT BUILDING, KOHIMA - 797 001
NATIONAL AIDS CONTROL PROJECT - PHASE-III (CREDIT NO. 3242-IN)

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

36,782,350.00	To IEC	30,212,851.00		By Other Income	
1,680,638.00	" Surveillance	2,060,796.00	597,977.00	Interest from Bank	1,121,547.00
950,873.00	" Monitoring & Evaluation	-	1,318,050.00	Other Receipts	
	" <u>Kits and Other Lab Supplies :</u>		121,191,501.00	" Grants utilised to the extent of Revenue Expenditure	56,692,041.00
1,159,313.00	Blood Lab. Supplies 2,711,170.00				
1,978,582.00	HIV Kits -				
2,772,838.00	Other Lab. Supplies 795,000.00	3,506,170.00			
	" <u>Medicines</u>				
972,050.00	STI Drugs 1,403,307.00				
1,683,666.00	OI Drugs -	1,403,307.00			
4,956,901.00	" Training and Workshops	4,905,311.00			
	" <u>NGO Services :</u>				
15,936,413.00	NGO Services 9,280,684.00				
41,407,532.00	NGO Services for Priority Interventions 25,940,133.00	35,220,817.00			
	" <u>Salary (Pay and Allowances) :</u>				
8,116,251.00	Salary 6,726,962.00				
456,859.00	Medical Expenses 62,646.00	6,789,608.00			
	" <u>Maintenance Costs :</u>				
113,513.00	Equipment Maintenance 421,121.00				
590,373.00	Vehicle Maintenance 554,866.00	975,987.00			
119,550,100.00	Total c/f. Rs.	35,074,847.00	123,107,528.00	Total c/f. Rs	57,813,588.00



NAGALAND SACS - POOL FUND
HEALTH & FAMILY WELFARE DEPARTMENT, NEW SECRETARIAT BUILDING, KOHIMA - 797 001
NATIONAL AIDS CONTROL PROJECT - PHASE-III (CREDIT NO. 3242-IN)

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

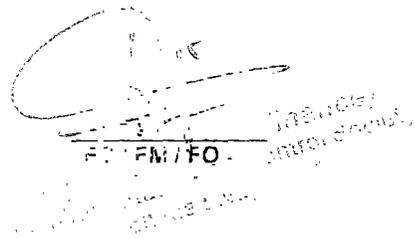
119,558,152.00	Total b/f. Rs.	25,074,847.00	123,107,528.00	Total b/f. Rs.	57,813,586.00
	" <u>Operational Expenses :</u>				
	Advertisement (Other than IEC	5,640.00			
59,400.00	Audit Fees	54,200.00			
118,685.00	Bank Charges	125,302.00			
1,302,603.00	Miscellaneous Expenses	1,422,151.00			
750,634.00	Printing & Stationery	494,078.00			
564.00	Water and Electricity Charges	12,627.00			
863,117.00	Travelling Expenses	317,385.00			
378,000.00	Rent, Rates & Taxes	226,500.00			
	Telephone/Communication				
76,373.00	Expenses	80,858.00	2,738,741.00		
123,107,528.00	Total Rs.	87,813,588.00	123,107,528.00	Total Rs.	87,813,588.00

In terms of our REPORT of even date annexed hereto.

For P. GAGGAR & ASSOCIATES
 CHARTERED ACCOUNTANTS

P.G.
 P. GAGGAR
 PARTNER (M.NO. 40259)

Guwahati, the 21st July, 2008

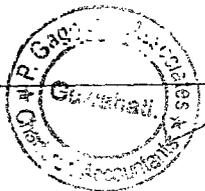


[Handwritten Signature]
 PROJECT DIRECTOR

NAGALAND SACS - POOL FUND
HEALTH & FAMILY WELFARE DEPARTMENT, NEW SECRETARIAT BUILDING, KOHIMA - 797 001
NATIONAL AIDS CONTROL PROJECT - PHASE-III (CREDIT NO. 3242-IN)

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	<u>To Opening Balance :</u>			<u>By Loans & Advances</u>	
43,377,040.00	Bank of Baroda, Kohima	24,621,044.00	2,934,585.00	Advance to Others	6,848,735.00
62,000.00	Cash-in-hand	62,000.00	53,468,572.00	Advance to NGOs	44,189,304.00
109,264,000.00	" Grants-in-Aids from NACO (Actually Received during the year)	133,770,000.00	5,717,105.00	Advance to Staff	7,580,639.00
	" <u>Other Income</u>		227,000.00	Advance to Autonomous Bodies	-
597,977.00	Interest from Bank	1,121,547.00	6,861,281.00	Advance to District Authorities	4,300,000.00
-	Other Receipts	-			
	" <u>Loans & Advances (Particulars)</u>			" <u>Fixed Assets</u>	
	Advance to Others		1,491,495.00	Blood Bank Equipment	3,602,909.00
	Advance to NGOs 3,402,622.00		499,200.00	Equipment (Other)	2,326,688.00
	Advance to Staff 1,968,465.00		-	Furniture, Fixture and Supplies	1,272,107.00
	Advance to Autonomous Bodies		7,500,000.00	Civil Works	-
	Advance to District Authorities 221,116.00	5,592,203.00	1,316,676.00	Vehicles	-
			762,891.00	Office Equipments	1,527,642.00
				" <u>Kits and Other Lab Supplies :</u>	
			1,159,313.00	Blood Lab Supplies	1,308,460.00
			1,978,582.00	HIV Kits	-
			2,333,520.00	Other Lab. Supplies	795,000.00
				" <u>Medicines</u>	
			972,050.00	STI Drugs	1,403,307.00
			1,683,666.00	OI Drugs	-
			1,217,259.00	" <u>Training and Workshops</u>	
				" <u>NGO Services :</u>	
				NGO Services for Priority Interventions	504,202.00
153,301,017.00	Total c/f. Rs.	165,166,794.00	90,123,195.00	Total c/f Rs	78,107,858.00



NAGALAND SACS - POOL FUND
HEALTH & FAMILY WELFARE DEPARTMENT, NEW SECRETARIAT BUILDING, KOHIMA - 797 001
NATIONAL AIDS CONTROL PROJECT - PHASE-III (CREDIT NO. 3242-IN)

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

153,301,017.00	Total b/f. Rs.	165,166,794.00	90,123,195.00	Total b/f. Rs.	78,107,858.00
			6,798,201.00	" <u>Salary (Pay and Allowances) :</u>	
			456,859.00	Salary	6,726,962.00
				Medical Expenses	6,726,962.00
			113,513.00	" <u>Maintenance Costs :</u>	
			540,373.00	Equipment Maintenance	421,121.00
				Vehicle Maintenance	554,866.00
				" <u>Operational Expenses :</u>	
			59,400.00	Advertisement (Other than IEC)	5,640.00
			118,685.00	Audit Fees	54,200.00
			750,634.00	Bank Charges	125,302.00
			564.00	Printing & Stationery	494,078.00
			76,373.00	Water and Electricity Charges	12,627.00
			1,169,962.00	Telephone/Communication Expens	80,858.00
			228,000.00	Miscellaneous Expenses	1,071,741.00
			564,060.00	Rent, Rates & Taxes	196,500.00
				Travelling Expenses	273,114.00
			26,012,489.00	" <u>IEC</u>	2,314,060.00
			1,130,638.00	" Surveillance	16,017,635.00
			445,873.00	" Monitoring & Evaluation	1,103,479.00
			29,154.00	" <u>Current Liabilities :</u>	
				TDS	
			24,621,044.00	" <u>Closing Balances :</u>	
			62,000.00	Bank of Baroda, Kohima	59,858,813.00
				Cash-in-hand	62,000.00
153,301,017.00	Total Rs.	165,166,794.00	153,301,017.00	Total Rs.	165,166,794.00

In terms of our REPORT of even date annexed hereto.

For P. GAGGAR & ASSOCIATES
 CHARTERED ACCOUNTANTS

P. GAGGAR
 PARTNER (M.NO. 40259)

Guwahati, the 21st July, 2008



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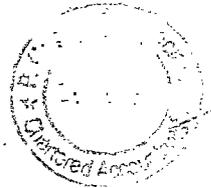
PROJECT DIRECTOR

FIXED ASSETS

SCHEDULE '1'

Figures in Rupees

Blood Bank Equipment	7,430,006.00	3,602,909.00		11,032,915.00
Civil Works	14,250,950.00	-		14,250,950.00
Equipment (Other)	5,361,958.00	2,326,688.00		7,688,646.00
Furniture, Fixture and Supplies	3,149,410.00	1,272,107.00		3,421,517.00
Office Equipments	3,799,030.00	1,527,642.00		5,326,672.00
Vehicles	4,010,050.00	-		4,010,050.00
Grand Total	37,001,404.00	8,729,346.00		45,730,750.00



NAGALAND STATE AIDS CONTROL SOCIETY

RRTC (70)	16,939.00	-	16,939.00			16,939.00
Ao BC, Tuensang (94)	10,590.00	611,610.00	622,200.00	580,865.00		41,335.00
Prodigals Home, Dimapur (36)	818,858.00	-	818,858.00	769,358.00		49,500.00
IDCCS, Wokha (07)	9,560.00	1,118,385.00	1,127,945.00	1,063,756.00		64,189.00
Poimi Baptist Youth Deptt. Dimapur (14)	73,500.00	-	73,500.00	-		73,500.00
Care Counseling Centre, Mokokchung (24)	12,000.00	1,585,240.00	1,597,240.00	1,477,915.00		119,325.00
Secieku Society, Chizami, Meluri. (54)	229,000.00	-	229,000.00			229,000.00
NED & HIV/AIDS Trg. Centre, Tuli (29)	10,624.00	1,227,546.00	1,238,170.00	960,058.00		278,112.00
ECS, Noksen (89)	4,078.00	880,680.00	884,758.00	540,695.00		344,063.00
Tribal Farmers Association, Jalukie (56)	10,000.00	946,758.00	956,758.00	577,773.00		378,985.00
ECS, NAP Area (90)	2,903.00	909,056.00	911,959.00	523,840.00		388,119.00
Yingli Mission Society, Tamu (84)		978,470.00	978,470.00	580,610.00		397,860.00
Yingli Mission Society, Longleng (59)	10,000.00	1,054,034.00	1,064,034.00	663,674.00		400,360.00
Bethesda Youth Welfare Centre, Chumukidima (38)	904.00	1,047,146.00	1,048,050.00	615,114.00		432,936.00
NED/HIV/AIDS TC Paper Mill, Tuli (91)		1,202,120.00	1,202,120.00	696,785.00		505,335.00
Bethesda Youth Welfare Centre, Nagaland Gate (77)	659.00	1,158,917.00	1,159,576.00	645,789.00		513,787.00
ECS, Tuensang (08)	614,728.00	1,449,867.00	2,064,595.00	1,479,199.00		585,396.00
Naga Dao (69)		678,400.00	678,400.00			678,400.00
NED & HIV/AIDS Trg. Centre, Dimapur (28)	21,922.00	1,739,568.00	1,761,490.00	1,061,836.00		699,654.00
NNP+ HQ, Kohima (10)	184,500.00	918,329.00	1,102,829.00	136,289.00	205,000.00	761,540.00
Bethesda Youth Welfare Centre, Dimapur (33)	61,455.00	1,626,434.00	1,687,889.00	825,116.00		862,773.00
					Total	7,950,066.00
Advance to Staff (3205)						
Pucho (37)	117,359.00	80,000.00	197,359.00	189,484.00		7,875.00
Kuhoi Yephthomi (38)		20,000.00	20,000.00			20,000.00
JAT STAFF (44)		56,633.00	56,633.00			56,633.00
Chubala (19)		690,000.00	690,000.00	609,317.00		80,683.00
Asano (33)	93,279.00	-	93,279.00			93,279.00
Abino (20)	1,808,708.00	605,500.00	2,414,208.00	710,626.00	1,584,509.00	119,073.00
Dr. Tiasunup (35)	553,955.00	945,600.00	1,499,555.00	1,186,932.00	143,276.00	169,347.00
Inatoli Chishi (26)	212,842.00	1,246,275.00	1,459,117.00	1,083,425.00	18,898.00	356,794.00
Dr. Yanthan (09)	334,899.00	749,940.00	1,084,839.00	636,725.00		448,114.00
Dr. Limaakum Jamir (39)	358,777.00	711,250.00	1,070,027.00	23,862.00	1,138.00	1,045,027.00
Dr. Vinito (04)	1,155,668.00	-	1,155,668.00	58,123.00		1,097,545.00
CBS (41)		1,316,016.00	1,316,016.00			1,316,016.00
					Total	4,810,386.00



NATIONAL STATE AIDS CONTROL SOCIETY

ECS, Chare (87)	4,632.00	221,193.00	225,825.00	225,570.00		255.00
Welfare Society of Zunheboto District people living with HIV/AIDS (47)	520.00	610,000.00	610,520.00	610,212.00		308.00
Kripa (Composite) (65)	333.00	-	333.00			333.00
Renth Youth Mission Society, Baghty (57)	632.00	-	632.00			632.00
ECS Hospice Tuensang (103)	754.00	1,645,948.00	1,646,702.00		1,645,948.00	754.00
Kripa, High School (101)	387.00	178,813.00	179,200.00	178,400.00		800.00
ECS, Longkhim (86)	5,505.00	191,570.00	197,075.00	196,041.00		1,034.00
Kripa, Chandmari (100)	377.00	1,071,293.00	1,071,670.00	1,070,507.00		1,163.00
Yimchungru BC, Tuensang (93)	1,837.00	715,013.00	716,850.00	715,473.00		1,377.00
Jeremen Youth Society, Longchem (80)	2,314.00	1,080,862.00	1,083,176.00	1,081,422.00		1,754.00
PLWA DIC, Kohima (52)	464.00	623,036.00	623,500.00	621,699.00		1,801.00
PLWA DIC, Dimapur (53)	2,161.00	620,089.00	622,250.00	620,434.00		1,816.00
Akimbo Society, Zunheboto (30)	1,901.00	-	1,901.00	-		1,901.00
Sangtam BC, Tuensang (92)	13,318.00	742,082.00	755,400.00	753,357.00		2,043.00
Khiamniungan BC, Noklak (96)	9,149.00	900,501.00	909,650.00	907,514.00		2,136.00
Jeremen Youth Society, Mongkolemba (81)	2,564.00	1,182,204.00	1,184,768.00	1,182,578.00		2,190.00
Helpline Foundation (61)	2,405.00	-	2,405.00			2,405.00
Akimbo Society Dimapur (26)	2,497.00	-	2,497.00	-		2,497.00
Grace Society (60)	10,099.00	1,046,201.00	1,056,300.00	1,053,613.00		2,687.00
Eleuthorus Christian Society (CC) Tuensang (51)	4,324.00	1,192,176.00	1,196,500.00	1,193,351.00		3,149.00
NED & HIV/AIDS (Composite), Dimapur (66)	3,612.00	-	3,612.00			3,612.00
Chang BC, Tuensang (95)	2,204.00	760,421.00	762,625.00	758,791.00		3,834.00
Walo Organisation, Aboi (58)	31,254.00	942,929.00	974,183.00	969,683.00		4,500.00
Agape Youth Welfare Centre, Wokha (32)	4,662.00	-	4,662.00	-		4,662.00
Rengma Mother's Assn. Tseminyü (42)	15,296.00	951,795.00	967,091.00	962,407.00		4,684.00
Shansham Organisation, Mon (37)	7,081.00	1,170,084.00	1,177,165.00	1,171,902.00		5,263.00
Voice of Gospel, Kohima (31)	5,500.00	-	5,500.00	-		5,500.00
NMA, Kohima (16)	543,350.00	316,670.00	860,020.00	853,090.00		6,930.00
Namzim Chame C&W Society, Peren (44)	8,000.00	215,563.00	223,563.00	215,563.00		8,000.00
New Life Ministry, Jalukie (50)	8,000.00	254,575.00	262,575.00	254,575.00		8,000.00
AIDS Care Hospice, Kohima (46)	8,441.00	1,399,422.00	1,407,863.00		1,399,422.00	8,441.00
ECS, Noklak (88)	9,038.00	152,287.00	161,325.00		152,253.00	9,073.00
Kripa Foundation, Kohima (27)	8,144.00	1,412,833.00	1,420,977.00	1,411,800.00		9,177.00
Jeremen Youth Society (23)	17,412.00	1,050,258.00	1,067,670.00	1,052,078.00		15,592.00



PGA/2008-09/13

Dated: 21st July, 2008

MANAGEMENT LETTER

To
The Project Director,
Nagaland State AIDS Plus Control Society,
Kohima - Nagaland

Dear Sir,

SUBJECT: MANAGEMENT LETTER REFERRED TO IN OUR AUDIT REPORT
OF EVEN DATE SHOWING OUR COMMENTS, OBSERVATION
AND SUGGESTIONS IN COURSE OF OUR AUDIT FOR THE YEAR
ENDED 31ST MARCH, 2008

(1) ACCOUNTING RECORDS, SYSTEMS AND CONTROLS :

1. The cost of Medicines, IEC materials, Blood Testing Kits, etc. are fully charged to expenditure account as and when purchased and has not been reflected as stock in the financial statements of the society. As explained this system has been regularly followed by the society due to adoption of cash system of accounting as per guidelines issued by NACO.
2. Fixed Assets were stated at cost and no depreciation was charged for wear & tears and time devaluation of these assets (as per guideline of NACO).

We have checked the Accounting Records, Systems and Controls and found some deficiency which are as below:-

1. CPFMIS has been used for maintaining the accounting records as well as preparation of financial statements however the Society has used manual vouchers instead of computer generated voucher as such the serial no. of system generated vouchers does not tally with the serial no. of manual vouchers.
2. Fixed Assets Register was not properly maintained and updated. The Fixed Assets Register does not contain the items which were purchased before 01-04-2007. Further the situation of fixed Assets also not reflected in the Assets Register.

However the society has followed procurement procedure adequately as mentioned in the procurement manual for fixed Assets.



3. Inventory / Stock Register was not properly maintained and updated. The Inventory / Stock Register does not contain the items which were purchased, issued and balance before 01-04-2007. Further we have not found proper issue note in respect of issued materials.

However the society has followed procurement procedure adequately as mentioned in the procurement manual except in the following cases in which only one quotation are invited instead of three quotation:-

Contract No.	Amount	Party from whom quotation are invited
(1)	(2)	(3)
	(Rs.)	
NACS/PROC/GF-01/2005-09 Dt. 06.03.2008	12,72,175.00	M/S Godrej & Boyce Manufacturing, Guwahati
NACS/ADMN-10(PT)/2005-06	2,21,100.00	M/S Spark automation & Station, Kohima
NACS/PROC/IEC-04/2005-06 Dt. 30.03.2008	82,457.00	M/S Mek Computer, Kohima

4. The adjustment of advances to NGO's and others are not regular and SOE's for advances given are not received in time. Further we have observed that the disbursal of funds to some of NGO's was without obtaining Statement of Expenditure of previous Advances. Details of long outstanding Advances are given as per Annexure-1. Audit Report of various NGO's as per the guidelines of NACO is not yet received by the Society.
5. In many cases Account Payee Cheque was not issued and instead of Account Payee Cheque bearer Cheque or self cheque was issued for payment. Further self cheque was not routed through cash book

However Individual Cheque was issued for every payment duly receipted by Payee.

(2) DEFICIENCIES AND AREAS OF WEAKNESSES IN SYSTEM & SUGGESTIONS FOR IMPROVEMENT :

1. During the year under audit we have observed that the Society sanctioned and disbursed further installments to the NGO's, Autonomous Bodies, and District Authorities of several districts without adjusting their previous unspent balances.



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For the above we are of the opinion that no subsequent advances should be granted to parties unless their previous unspent balances are refunded or necessary adjustment are done from subsequent advances.

2. During the year under audit we have observed that the under the CFMS system the difference of Rs.2,72,610.00 in the Balance of Bank as reflected in the Balance Sheet (Rs. 5,95,86,203.00) and in the Balance of Bank Book (Rs. 5,98,58,813.00) both generated from the system. The difference could not be ascertained.
3. The Books of Account show cash Balance of Rs. 62,000.00 (being the opening Balance as of 01.04.2007) as the closing balance as on 31.03.2008. since during the year there are no cash transaction recorded in the cash book and balance of such an heavy amount is not appropriate.

For the above we are of the opinion that the said cash balance should be immediately deposited in the bank account.

4. Bank Charges were charged by the bank but same were not debited into the books of the society amounted to Rs. 78,540.00 duly reflected in the Bank Reconciliation Statement. Further in the Bank Reconciliation Statement we have observed :-

That three cheques issued before 31.03.2006 and same were not cleared needs reversal of entries in the books of the society as the issued cheques have become stale.

That Amount received from G-FATM Round-II amounting to Rs. 20,00,000/- not entered in the books of the society.

Recommendations :-

1. It is suggested that the Society must scrutinize thoroughly the final accounts submitted by the NGO's, so as to make sure that all the directives issued by the Society with regard to submission of accounts and SOE's and other financial directives are complied with prior to the disbursal of subsequent grants. Further, it is suggested that it must introduce a General Registration Form specifying important details concerning the NGO with regards its existence, statute, governing body members, area of operation, actual work done financial status, etc. This will enable effective scrutiny of the NGO at the registration stage for application of receiving grants. Confirmation of Outstanding Advances should be obtained from the NGO's and others. Regular follow up in writing be made to get the SOE & Adjust the same in books of NSACS.



NAGALAND STATE AIDS CONTROL BOARD

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Advance to Autonomous Bodies (3206)

Chairman Kikruma Village Council (24)	20,000.00	-	20,000.00		20,000.00
CBCC, Women Department (28)	30,000.00	-	30,000.00		30,000.00
Naga Students' Union, Guwahati (29)	20,000.00	-	20,000.00		20,000.00

Total 70,000.00

Advance to District Authorities (3208)

Deputy Commissioner Kohima (02)	11,677.00	400,000.00	411,677.00	393,631.00	18,046.00
Deputy Commissioner Dimapur (04)		1,000,000.00	1,000,000.00	600,000.00	400,000.00
Deputy Commissioner Tuensang (05)	506,004.00	700,000.00	1,206,004.00	905,444.00	300,560.00
Deputy Commissioner Mokokchung (06)	549,174.00	400,000.00	949,174.00	876,247.00	72,927.00
Deputy Commissioner Wokha (07)	222,832.00	100,000.00	322,832.00	222,832.00	100,000.00
Deputy Commissioner Zunheboto (08)	1,515.00	350,000.00	351,515.00	251,515.00	100,000.00
Deputy Commissioner Phek (09)	267,368.00	350,000.00	617,368.00	610,135.00	7,233.00
Deputy Commissioner Mon (10)	500,000.00	350,000.00	850,000.00	378,363.00	221,116.00
Deputy Commissioner, Kiphire (11)	501,951.00	200,000.00	701,951.00	699,968.00	1,983.00
Deputy Commissioner, Longleng (12)	198,408.00	350,000.00	548,408.00	543,379.00	5,029.00
Deputy Commissioner, Peren (13)	306,500.00	100,000.00	406,500.00	100,000.00	306,500.00

Total 1,562,799.00
Grand Total (Rs.) 17,165,403.00



2. Fixed Assets Register should be properly maintained and updated. Physical verification of Fixed Assets should be done at least once in every year certificate in respect of physical verification should be kept in record.
3. Inventory / Stock Register should be properly maintained and updated. Physical verification of Inventory / Stock should be done at least once in every year certificate in respect of physical verification should be kept.
4. Cash balance should be immediately deposited in the bank account. Further Cash Balance should be physically verified every quarter and certificate in respect of physical verification should be kept.

(3) ADEQUACY OF SEGREGATION OF DUTIES IN THE SACS :

According to the information and explanations given to us the adequacy of segregation of duties in the SACS found satisfactory in terms of volume of transactions.

(4) DEGREE OF COMPLIANCE WITH FINANCIAL/ INTERNAL CONTROL PROCEDURES AS DOCUMENTED IN THE FINANCIAL MANUAL OF THE PROJECT & NGO/CBO GUIDELINES

The Society has not received properly the SOE's, Audit Report from various agencies, utilization certificate in respect of advances given to NGO.

According to the information and explanations given to us the degree of compliance with the financial/ internal control procedures as documented in the financial manual of the project & NGO/CBO guidelines, other than the observation / deficiencies as mentioned in the report elsewhere, are proper.

For P. GAGGAR & ASSOCIATES
CHARTERED ACCOUNTANTS



P.G.
(P.GAGGAR)
PARTNER (M.NO.40259)