



U.P. STATE AIDS CONTROL SOCIETY

4th Floor, A-Block, PICUP Bhawan, Vibhuti Khand,
Gomti Nagar, Lucknow-226 010

Phone: 0522-2720360, Fax: 0522-2721135, Website: www.upsacs.in.

Ref.: UPSACS/AFU-EOI for auditors/2017-18/06

DATED : 07.07.2017

Short Term Expression of Interest with Capability Statement for short listing Chartered accountant Firms for Statutory Audit of UPSACS & Internal Audit Of NGOs & Peripheral units for the Financial year 2017-18.

1. The UP State AIDS Control Society wishes to appoint a firm of Chartered Accountant's to conduct statutory Audit of UP State AIDS Control Society and to conduct Internal Audit of NGOs and Peripheral units working under the society. Expression of Interest are invited from CAG empanelled Chartered Accountant firms with registered office in Uttar Pradesh to conduct the statutory audit of the UPSACS and internal audit of the peripheral units/NGOs of the Uttar Pradesh State Aids Control Society for a financial year: 2017-18 extendable up to two years subject to timely submission and quality reporting.

2. Eligibility & Assessment Criteria:

The EOI and capability will be assessed against evidence of skills and experience in the providing accountancy service in the State.

Requirements

The EOI must accompany a capability statement including a profile of the organization, relevant technical and financial turnover for the last three consecutive financial years alongwith supportive documents. All the Documents to be submitted with Expression of Interest are available on UPSACS web-site: <http://www.upsacs.in>. EOI shall be as concise and focused as possible to give the evidence of the above requirements and addressed to the Project Director so as to reach not later than 05 PM on July 24, 2017. Individual CVs are not required at this stage. Any EOI with inadequate information, those which do not meet the above criteria, or those received after the closing date will not be short listed. Only organizations, which pass the pre-selection process, will be contacted and invited to submit detailed proposals.

For further information

For further information interested bidders are requested to contact the following email id: fcupsacs1@gmail.com or Tel.no. 0522-4045038, 2720360. The contact person is Mr. ANURAG GUPTA, Joint Director (Finance), UPSACS.

Project Director, UPSACS

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सहायक निदेशक (अनु/प्रशासन)
उप राज्य राज्य नियंत्रण सोसाइटी
विक्रम भवन, गोमती नगर, लखनऊ

+

Dated: 07.07.2017

Dated: 07.07.2017

Phone No: 0522-4076358

PLEASE COMMUNICATE AT:- jdfupsacs@gmail.com
Phone No: 0522-4076358

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U.P. State AIDS Control Society

4th Floor, A-Block, PICUP Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow-226 10
Phone: 0522-2720360, Fax: 0522-2721135

www.upsacs.in

Ref.: UPSACS/AFU-EOI for auditors/2017-18/06

Dated:07/07/2017

Expression of Interest with Capability Statement for short listing Chartered accountant Firms for Statutory Audit of UPSACS & Internal Audit Of NGOs & Peripheral units for the Financial year 2017-18.

Name of the Firm

.....

.....

.....

Duration of received of EOI form

:: , 07.07.2017 to 24.07.2017

Date of the submission of the EOI form

: 24.07.2017 up to till 05:00 P.M.

Terms and conditions:

1. The annexure part A & B of the Annexure – IX (b) with all pages signed by the authorized signatory and the office seal affixed. Submit all annexure (A to C) duly filled and properly signed with official seal.
2. All Documentary proof related to the expression of interest should be strictly submitted by the Chartered Accountant firm. If these documents are not submitted as per annexure is liable to be rejected.
3. Sealed envelope should reach this office upto dated 24.07.2017 till 05.00 P.M.. The sealed packet should be super- scribed “**capability statement and organization profiles for selection of CA firm**”. They should be submit directly or through courier/speed post to the Project Director, UP Sate AIDS Control Society, 4th Floor A-Block, PICUP Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow- 226010. The Capability Statement must reach within specified period strictly, otherwise the proposal will not be considered and are liable to be rejected.
4. The Project Director, UPSACS reserves the right to reject any or all the expression of interest without assigning any reason/s whatsoever.

Project Director, UPSACS

Call for Expressions of Interest: Chartered Accountant Firms for the Statutory Audit of U.P. State AIDS Control Society,

1. The U.P. State AIDS Control Society (UPSACS) is responsible for implementing the National AIDS Control Programme (NACP) Phase IV.

The Government of India has received a Credit (Credit-4299-IN) from the funds pooled by GFATM, POOL fund & D.B.S. Fund in various currencies towards the cost of Fourth National HIV/AIDS Control Project and it is intended that part of the proceeds of this credit will be applied to eligible payments under the contracts for which this invitation for Bids is issued. UPSACS is a registered organisation under the control of the State Government and it the nodal organisation for all the HIV/AIDS prevention and control work that is taken up in the state. SACS releases fund to peripheral organizations like NGOs and hospitals under the Government sector. Hence it is essential to assess as to conduct a statutory audit under the provision of the Societies. Registration Act, 1860 as applicable in the State.

2. Expressions of Interest are invited from CAG empanelled Chartered Accountant firms to conduct the statutory audit of the UPSACS for financial year.

Eligibility & Assessment Criteria;

The Eol and capability will be assessed against evidence of skills and experience in providing accountancy services in the State.

Requirements

The Eol should be sent along with a Capability Statement including a profile of the organisation relevant technical and geographical coverage along with the financial turnover for the last 3 financial years. A format for the capability statement is available with this attachment individual CVs are not required at this stage. Any Eol with inadequate information, those which do not meet the above criteria, or those received after the closing date will not be short listed. Eol should be as concise and focused as possible to give evidence of the above requirements including the capability statement and organisation profiles. They should be mailed to the Project Director, UP State AIDS Control Society, 4th Floor PICUP Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow-226010 on or before 05 PM. Dt. 24/07/2017. Only organisations, which pass the pre-selection process, will be contacted and invited to submit detailed proposals.

For Further Information

For further information on NACP and UPSACS, interested bidders are requested to contact the following email id: fcupsacs1@gmail.com or Tel No.: 0522-4045038, 2720360. the contact person is: Joint Director (Finance), UPSACS.

Expression of Interest with Capability Statement for short listing Chartered accountant Firms for Statutory Audit of UPSACS & Internal Audit Of NGOs & Peripheral units.

Capability Statement

PART – A

Status of the Firm

Partnership

Sole Proprietorship

1. (a) Name of the Firm (in Capital Letters) _____
 (b) Address of the Head Office _____ (Please also give telephone no. _____ and e-mail address) _____
 _____ (c) PAN No. of the firm _____
 2. ICAI Registration No. _____ Region Name _____ Region Code No. _____
 3. Empanelment number with C&AG :- _____
 4. (a) Date of Constitution of the Firm: _____
 (b) Date since when the firm has a full time FCA _____
 5. Full-time Partners/Sole Proprietor of the firm as on 1st January, 2017 _____
 - S.No. Continuous Association with the firm Number of FCA Number of ACA
 - (a) Less than one year
 - (b) 1 year or more but less than 5 years
 - (c) 5 years or more but less than 10 years
 - (d) 10 years or more but less than 15 years
 - (e) 15 years or more
- Note: Please attach the latest copy of Firm's Constitution Certificate issued by ICAI.
6. Number of Part Time partners if any, as on 1st January, 2017 _____
 7. Number of Full time Chartered Accountants as on 1st January, 2017 _____
 8. Number of audit staff employed full-time with the firm
 - (a) Articles/ Audit Clerks _____
 - (b) Other Audit Staff (With knowledge of Book keeping and accountancy) _____
 - (c) Other Professional Staff (Please Specify) _____
 (List to be attached for S. No. 5 to 8)
 9. Number of Branches if any (Please mention places & locations) _____
 10. Whether the firm is engaged in any internal

	Or external audit or providing any other services To any Govt. Company/Corporation or Co-operative institution etc. If 'yes' details may be given on a separate sheet	YES/NO
	Whether the firm is implementing quality control	
11.	Policies and procedures designed to ensure	YES/NO

That all audit are conducted in accordance with

Statements on standard Auditing Practices.

(If yes, a brief note on the procedure adopted is to be enclosed)

12. Are there are any court/arbitration/

Legal cases against the firm

YES/NO

(If yes, give a brief note of the cases indicating its present status)

13. Fees earned by the firm for the last 5 years

Type of Audit	PSU/Autonomous Body	Companies in Private Sector	Banks
Statutory/Branch Audit/ 6-Monthly Audit Review			
Internal/concurrent Audit			
Total of the above			

Note: Please attach the copy of the following:

- ❖ Point No. 1 (c) PAN No. of the Firm
- ❖ Point No. 2 ICAI Registration
- ❖ Point No. 3 Certificate of Empanelment with C&AG
- ❖ Point No. 10 Office Order from Government Company or Corporate etc. in regard of appointment ❖ Point No. 13 IT Return of last 5 years

PART – B

Undertaking

I/We the sole proprietor/Partners of M/S _____ Chartered Accountants do hereby jointly and severally verify and declare: -

- (i) that the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found not correct or false or there had been suppression of material information, the firm would not only stand disqualified from the allotment, but would be liable for disciplinary action under the Chartered Accountants Act, 1949 and the regulations framed thereunder;
- (ii) that the firm proprietor or partners have not been debarred or cautioned by ICAI during the last five years (if cautioned give details);
- (iii) that individually we are not engaged in practice otherwise or in any other activity which would be deemed to be a practice under Section 2(2) of the Chartered Accountants Act, 1949;
- (iv) that the constitution of the firm as on 1st January of the relevant year shown in the Expression of Interest is the same as that in the Constitution Certificate issued by the ICAI.

Sl. No.	Name of the Partner/Sole Proprietor	Membership Registration Number	PAN No.	Dates of Payment of fees for the relevant year ___ A/B*	Signature of Partner/Sole Proprietor

*A for Membership

B for issue of Certificate of Practice

(Seal of the Firm)

Place

Date

Encl _____ pages

Signature of Proprietor/Sole Partner

PART - C

a) General Instructions for Bidders in regard of Internal Audit:-

- Each page of the EOI document should be numbered and signed by the tenderer with the seal of the firm.
- Bidders should have minimum three years' experience in auditing of Govt. Institutions/ Autonomous bodies.
- The bidder shall not sub-lease any of the work awarded to him to any other party. In case the bidder leaves the contract in the middle of the period of Contract, action such as penalty or blacklisting as deemed fit by the Project Director of the UPSACS would be initiated.
- The agreement for auditing services will initially be for one year from the date of commencement. However the contract may be extended further on satisfactory and successful completion of first year contract on yearly basis for another two years.
- The audit is to be done only by the qualified chartered accountants. The Firm will have to submit the name, Identifications of the auditors to UPSACS and qualifications of the auditors to UPSACS with the tender. Failing which the tender will be rejected.
- The payment will be released on half yearly basis upon submission of bills. The half yearly installment will be released only after successful completion of half-yearly audit and submission of stamped and signed audit report with UP SACS. Photographs of audit staff with NGO staff at Project Office location is to be enclosed with audit report.
- On site Half Yearly Audit is to be done of NGO's & Peripheral Units as per Schedule to be provided by UPSACS.
- No Conveyance/TA or any other Allowance will be entertained.
- Audit Report (3 sets) with proper index page no. is to be submitted in UPSACS within 20 days of Next Month of the each half year along with one soft copy.
- No Extra/Hidden Cost of any activity should be raised.

b) General Instructions for Bidders in regard to the Statutory Audit:-

- Each page of the EOI documents should be numbered and signed by the tenderer with the seal of the firm.
- Bidder should have minimum three years' experience in auditing of Govt. Institutions/Autonomous bodies.
- The bidder shall not sub-lease any of the work awarded to him to any other party, without the written permission from the Project Director, UP State AIDS Control Society. In case the bidder leaves the contract in the middle of the period of Contract, action such as penalty or blacklisting as deemed fit by the Project Director of the UPSACS would be initiated.
- The agreement for auditing services will initially be for one year from the date of commencement. However the contract may be extended further on satisfactory and successful completion of first year contract on yearly basis for another two years.
- The audit is to be done only by the qualified chartered accountants. The Firm will have to submit the name, Identifications of the auditors to UPSACS and qualifications of the auditors to UPSACS with the tender. Failing which the tender will be rejected.
- Half yearly audit is to be done at UPSACS Office.
- Full support for finalizing Final Accounts such as Balance Sheet, Income & Expenditure, Receipt & Payment Accounts & Utilization Certificate.
- Statutory Audit Report (3 sets) is to be submitted at UPSACS along with soft copy.
- No Extra/Hidden Cost of any activity should be raised.

CERTIFICATE

It is certified that we shall follow the instructions mentioned above.

(Seal of the Firm)

Place

Terms of Reference for Appointment of a Chartered Accountant Firm for External Audit of Accounts of UP State AIDS Control Society under the NACP-Phase IV program for the Year (Financial Audit)

Background

The UP State AIDS Control Society is a registered Society which is implementing the centrally sponsored National AIDS Control Programme being implanted by National AIDS Control Organisation (NACO) as per the memorandum between the Government of India and State Government.

Programme Objectives

The key programme objectives of NACP-IV are prevention of new infections in high risk groups and general population through:

1. Saturation of coverage of high risk groups with targeted interventions (TIs);
2. Scaled up interventions in the general population;
3. Increasing the proportion of people living with HIV/AIDS who receive care, support and treatment;
4. Strengthening the infrastructure, systems and human resources in prevention, care, support and treatment programmes at the district, state and national levels;
5. Strengthening a nation-wide strategic information management system.

Reductions in the rate of HIV spread would be reflected in the stabilization of the annual percentage increase in HIV prevalence. India's strengthened capacity to respond to HIV/AIDS would be measured by the percentage of states & municipalities in which AIDS Control Societies are functioning and effectively managing the targeted intervention component.

Objective of Audit

The objective of the audit of the Financial Statements (Balance Sheet, Income and Expenditure and Receipts and Payments) is to enable the auditor to express a professional opinion on the financial position of the UP State Aids Control Societies at the end of each fiscal year and of the funds received and expenditures for the accounting period ended March 31, 2018, as reported by the Financial Statements. The SACS accounts (books of account) will provide the basis for preparation of the Financial Statements and are established to reflect the financial transactions in respect of the project.

Scope

The audit will be carried out in accordance with Audit & Assurance Standards of Auditing issued by the Institute of Chartered Accountants of India and will include such tests and controls as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- (a) An assessment of the adequacy of the project financial management arrangements, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none;

verification of assets and liabilities. This would be done in every year of project implementation and specific comments on these aspect would be provided by the auditor annually the Management Letter.

- (b) All funds sent by GOI/ State Society as grant-in-aid have been used in accordance with the conditions laid down in the Project Implementation Plan and World Bank agreements and only for the purposes for which the funds were provided.
- (c) All funds have been used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided.
- (d) All expenditure, including procurement of goods and services have been carried out as per the procurement manual of the program.
- (e) All the goods procured and issue are supported by valid receipts and issue documents and are recorded in the stock/ inventory registers and the closing balances worked out correctly.
- (f) The expenditures reported as per the quarterly FMR also are in agreement with the audited expenditure / books of accounts and variances are documented.
- (g) Based on the assessment of the adequacy of the internal audit of the peripheral units/ NGOs the auditor should cover a sample of the peripheral/NGOs as part of the audit.

Financial Statements

The financial statements should include:

- (a) A summary of funds received, showing the grant-in-aid from GOI and funds received from other sources, donors, if any separately
- (b) A summary of expenditures shown under the main project activities of expenditures.
- (c) A Balance Sheet showing accumulated funds of the project, bank balances, other assets of the project.

Reconciliation with the Financial Reports

In addition to the audit of Financial Statements, the auditor is required to audit the Interim Financial Reports (IFRs) used as the basis for the disbursement by the World Bank/DFID. The auditor should apply such tests and controls as the auditor considers necessary under the circumstances. These should be carefully compared for project eligibility with the relevant financing agreements and the Project Implementation Plan for guidance when considered necessary. The following are required to be annexed to the project financial statements:

1. When ineligible expenditure, if any, are identified as having been included in the withdrawal applications, these should be noted separately by the auditor in an annexure.
2. The amount of expenditure reported in the IFR should be reconciled with the amount appearing under the summary of expenditures of the receipts and payments statement.

Audit Opinion

Besides a primary opinion on the financial statements, the audit report of the Society Accounts should include a separate paragraph commenting on the accuracy and propriety of expenditures shown in the Statements of expenditure and the extent to which the Donor/Agency can rely on IFRs as the basis for reimbursement.

Time Period for Submission

The audited financial statements including the audit report should be sent as given below:-

Quarter of Audit	Audit of SACS *	Audit of Peripheral Units	Submission of Report
June		July 16 to 30	August 15
Sept	Oct 10-15	Oct 16 to 30	Nov 15
Dec		Jan 16 to 30	Feb 15
March	April 20-25	April 16 to 30	May 15

*activities in SACS are to be audited on a six monthly basis and peripheral units on a quarterly basis.

Management Letter

In addition to the audit reports, the auditor should prepare a "management letter" in which the auditor should:

- Give comments and observations, if any, on the accounting records, systems and controls that were examined during the course of the audit.
- Identify specific deficiencies and areas of weakness (if any) in systems and internal controls and make recommendations for their improvement including adequacy of control over peripheral units and NGOs; where a sample of peripheral units are covered by the auditor, the observations, if any, on such units should be listed in an annex were.
- Comment on the adequacy of segregation of duties in the SACS.
- Report on the degree of compliance with the financial/ internal control procedures as documented in the financial manual of the project, & NGO/CBO guidelines.
- Report any procurement which has not been carried out as per the procurement manual issued by NACO.
- Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the society; and
- Bring to attention any other matter that the auditor considers pertinent.

The observations in the Management Letter must be accompanied by a suggested recommendation from the auditors and management comments on the observations/ recommendations from the Management.

General

The auditor should be given access to all legal documents, correspondence, financial manual, procurement manual, NGO/CBO guidelines and notices from NACO and any other information associated with the project as deemed necessary by the auditor.

Key Personnel

The key personnel in the audit team, their minimum qualifications, and their anticipated inputs are indicated below:

- The audit team should be led a Chartered Accountant with a minimum of 5 years experience in audit.
- The audit team should include sufficient number of appropriate staff (Articles/Audit Clerks and other audit staff), commensurate with the size and scope of the assignment.

MODEL AUDIT REPORT
(For Project Financial Statement)

The Project Director,
_____, AIDS Control Society,
_____.

Introductory Paragraph

We have audited the accompanying financial statements of the National AIDS Control Project-Phase IV (financed under World Bank Credit No _____ 3242-IN and DFID grant No _____) as of March 31, 200--. 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 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.

Opinion Paragraph

In our opinion, the financial statements, read with observation, if any, give a true and fair view of the Sources and Application of Funds and the financial position of UP State Aids Control Society for the year ended March 31, 200...., in accordance with consistency applied accounting standards..

In addition, (a) with respect to IFRs, adequate supporting documentation have 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/GFR 2005 and NGO/CBO guidelines.

[Name and Address of Audit Firm]

[Date – Completion Date of Audit]

Notes:

1. A "Source and Application of Funds" statement is always required for each project. A balance sheet is also required where the project has assets and liabilities.
2. In case a qualified opinion or disclaimer is given by the auditor, the audit report should state in a clear and informative manner all the reasons for such an opinion.
3. Audit report has to be accompanied by
 - a) Management Letter
 - b) Listing on ineligible claims, if any
 - c) Reconciliation of expenditure as per IFR with the actual expenditure as reported in the audited financial statements
 - d) Annexure on whether there are any exceptions with adherence to the procurement procedures

**Terms of Reference for an Internal Auditor
for Internal Audit of U.P. State AIDS Control Society under the National
AIDS Control Programme Phase-IV**

Background

The U.P. State Aids Control Society is a registered Society which is implementing the centrally sponsored National AIDS Control Programme being implemented by National AIDS Control Organisation (NACO) as per the memorandum between the Government of India and State Government.

Objectives

Internal Audit is a control that functions by examining and evaluating the adequacy and effectiveness of other controls throughout the organization. The objective of the current internal audit is to seek a professional opinion on the adequacy of internal control framework and adherence to the internal control procedures provided in various guidelines, manuals etc., identifying areas for improvement and critical weaknesses, if any and that funds received and expenditure incurred for the accounting period are in accordance with the laid down financial regulations, procurement procedures and other orders issued from time to time and that proper accounts are maintained at all levels.

Scope

The scope of work will include a quarterly audit of SACS, all NGOs¹ and a sample of the peripheral units other than NGOs i.e district agencies, VCTCs, blood banks, medical colleges, schools etc.) which receive funds from SACS for implementing project activities. The responsibilities of the internal auditor includes reporting on the adequacy of internal controls, accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with NACP-IV financial norms and State Government procedures. While conducting the audit, specific attention should be given to the following:

- (a) The internal audit activities should include payment audit as well as independent appraisals of the financial, operational and control activities of the programme.
- (b) Funds have been used in accordance with the relevant financial norms and financial regulations with due attention to economy and efficiency, and only for the purpose for which the financing was provided.

- (c) There is a proper financial and administrative delegation of power and expenditures incurred/ advances provided are properly authorized as per the financial and administrative delegation approved by the Executive Committee. Comment on the adequacy of the delegation.
- (d) Whether there is adequate segregation of duties and controls?
- (e) Generally accepted accounting principles are followed by all entities who are authorized to incur expenditure under National AIDS Control Programme.
- (f) Goods, works and services financed have been procured in accordance with relevant provisions of the Procurement Manual. The procurement checklist attached to TOR will need to be completed for the contracts verified in the audit.
- (g) Adequate and proper supporting documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills etc. are maintained and linked to the transactions.
- (h) Whether clear linkages exists between the books of accounts and reports presented to the Government of India (by SACS) and to SACS (by the peripheral units)?
- (i) Expenditure incurred under NACP-IV is in accordance with the financial norms prescribed in the NACP-IV framework or any other clarifications issued from time to time.
- (j) Expenditure is incurred with reference to the budget allocation approved by NACO. In case the budget allocation is exceeded, proper re-appropriation duly approved by the competent authority has been obtained.
- (k) Reconciliation of bank statements and accounts is regularly carried out on a monthly basis.
- (l) System of settlement of advances and whether the peripheral units are timely in the settlement of advances; whether there is a system of adequate review and approval before the settlement and there is evidence of the review.
- (m) Constraints if any in the timely updating of CFMS software and in adhering to the internal control procedures.
- (n) Procurement, contracting, disbursement and monitoring of NGOs/CBOs is carried out in line with the NGO/CBO guidelines. Where the internal auditor is also responsible for the on-site audit of NGOs/CBOs, such audit will be carried out as per the TOR provided in the NGO/CBO guidelines.

A checklist (covering FM and procurement issues) is provided along with the TOR as a guidance to the internal auditors. This should be attached and submitted along with the audit report.

Sample & Frequency of Audit & Report Submission

The peripheral units (other than NGOs) will be audited on the basis of list provided by SACS on six monthly basis. The onsite audit of NGO/CBO shall be done on six monthly basis.

The six monthly audit must be conducted at appropriate time to insure that the audit report are submitted by November 15th and June 10th for half year ending 30th Sep & 31st March respectively.

Outputs required of the Internal Auditor

The internal auditors should furnish a quarterly audit report (along with checklists) in triplicate and one soft copy to the State Project Director with an executive summary of the critical issues/ finding that require attention of the senior management. A copy of the executive summary must be sent to NACO and a copy of the report must separately for NGO and Peripherals also be placed before the Executive Committee of SACS. The report should be structured in a manner giving observations/ weaknesses, implications, suggestions for improvement and the management comments. Status of actions taken by the management on the recommendations of the previous report should also be provided. Compliances undertaken by the NGO/Peripheral units must be reported in subsequent reports.

The Audit report must also enclose photograph of the NGO staff with audit team at the NGO project office.

Checklist Format

S.No.	Activity	Particulars	Y	N	Remarks
1.	Payments and Receipts	- Are the payments for expenditures in line with the approved annual work plan? - Are the payments properly approved in line with the financial delegation? - Is ensure that no cash payment above Rs.2000/- is made? - Are the supporting documents filed properly and easily accessible? - Is there a serial control over payment, receipt and journal vouchers? - Are the expenditures/ payments charged to the correct account code and head of expenditure? - Is the system generated voucher used as the basis for approval of payments - Comment on a process flow improvements that can be made. - Whether PFMS Software of GOI is being used for making transaction & to what extent.			
2.	NGOs	- Is there a TSU to support NGO/CBO activities and does it have a finance staff? - Has the financial management capacity of the NGO been assessed by the TSU and the process documented during the selection process?			

3. Peripheral
Units

- Are there any critical FM capacity issues identified during selection process and how are these planned to be addressed?
- Does the contract with the NGO contain the Financial Management aspects?
- Are the tranche release to NGOs in compliance with the contractual obligations and in adherence to the NGO/CBO guidelines?
- Are funds released without settlement of previous advance or without receipt of quarterly financial report?
- Are the NGOs/CBOs timely in submitting financial reports to the SAC5/PSU?
- If not what actions are being taken to address this issue?
- Is the financial review of NGOs by the TSU adequate in terms of quality and frequency?
- Are on-site visits to the NGOs made by the finance staff of the TSU?
- Have annual audited financial statements been received from the NGOs. Attach copy of latest audit certificate
- Carry out on site (where covered under the scope of the audit) audit of NGOs/ CBOs as per the TOR provided in the NGO/CBO guidelines and attach a separate report of the NGO/CBO covered Where this is carried out by independent auditors, comment on the adequacy of the actions taken by SACS to address the observations of the auditors.
- Has a sanction letter been issued for the proposed activity by the peripheral unit?
- Are the financial management, financial reporting and date of settlement of advance indicated in the sanction letter?
- Is the settlement done on time and supported by a proper utilization certificate?
- Are subsequent tranches released without settlement of the first advance?
- Comment on the quality and adequacy of the financial records maintained by the peripheral units (for the sample covered during the course of quarterly internal audit) - attach a separate sheet where necessary.

4. Overall Monitoring of Advances
 - Is the system for monitoring and control of advances adequate?
 - Are there a large number of advances overdue
 - Is a ageing report generated for review by the project director on a periodic basis.

5. Operation of Bank Account.
 - Is the bank reconciliation carried out on a monthly basis?
 - Are there any un-reconciled or un-accounted for balances?
 - Is there any inoperative bank accounts existing?
 - Are payments made by crossed cheque/draft/PFMS and to what extent?
 - Is there adequate physical controls over cash, receipt book and blank cheque books?

6. Fixed Assets
 - Have the procurement procedures prescribed in the Procurement Manual been followed by the SACS for procurement of assets purchased by the SACS?
 - Are these supported by adequate and valid supporting documents?
 - Are the assets procured documented in the fixed assets register giving its location etc.?
 - Carry out a sample verification of fixed assets both in SACS and the peripheral units/ NGOs.
 - Are assets received in kind also recorded in the fixed asset register giving the date of receipt, location etc.?
 - Has a material been purchased for the project activity?
 - Has the purchased material been entered in the stock register? Is it upto date and physical stock in agreement with book balances?

7. Purchase of Goods & Services by SACS
- Have the procurement procedures prescribed in the Procurement Manual been followed by the SACS for procurement of goods & services purchased by the SACS.
 - Are these supported by adequate and valid supporting documents?
 - Are goods (including drugs) being procured correctly recorded in the inventory register?
 - Carry out a sample verification of inventory of consumables, drugs supplied to the NGOs and peripheral units.
 - Are goods (ART drugs, test kits etc.) received in kind also recorded in the inventory register? Does the physical balance tally with the book balance?
 - Comment on the variance if any.
8. Accounting
- Is the PFMS/CPFMS operational and upto date?
 - Are there any constraints in using the system?
 - Are back up processes adequate?
 - Have the financial reports for the previous quarter generated from the CFMS been sent to NACO in a timely manner?
9. Other Issues
- Any other issues that the firm may like to address

Signature of the CA Firm

Post-Award Checklist for Procurement of Works/Goods

Date of Audit

State/District/Agency

Description of Items procured

Quantity

Procurement Procedure used

Briefly describe the Procedure adopted for inviting the bids

Dates of invitation of bids/tenders/quotes

Dates of receipt of bids/tenders/quotes

Justification in case only one bid was invited (single sourcing/direct contracting)

Details of bids/tenders/quotes Invited and Received

Bids invited from (name of bidder)	Address	Bid submitted or not	Quotes/Bid Price in increasing order

Whether the rates were negotiated?

Whether any price preference was given to any bidder?

Contract awarded to (alongwith reasons for ignoring lower offers, if any):

- Name of the Supplier:
- Quantity
- Contract/PO Value
- Contract/PO

Date Items received on

Payment released on

Items inspected (reason if not available)

Compliance of the agreed procurement procedure (if no, give reasons)

Checklist format for Internal Auditors

S. No.	Activity	Particulars	Y	N	Remarks
1	Payments and receipts	- Are the payments for expenditures in line with the approved annual work plan - Are the payments properly approved in line with the financial delegation - Are the supporting documents filed properly and easily accessible - Is there a serial control over payment, receipt and journal vouchers - Are the expenditures/ payments charged to the correct account code and head of expenditure - Is the system generated voucher used as the basis for approval of payments - Are cash payment once Rs.2000/- being made? - Whether PFMS software of GOI is being used for making transations? - Comment on a process flow improvements that can be made.			
2	NGOs	- Has the financial management capacity of the NGO been assessed by the PSU and the process documented during the selection process. - Are there any critical FM capacity issues identified during selection process and how are these planned to be addressed. - Does the contract with the NGO contain the Financial Management aspects - Are the tranche release to NGOs in compliance with the contractual obligations and in adherence to the NGO/CBO guidelines. - Are funds released without settlement of previous advance or without receipt of quarterly financial report. - Are the NGO/CBO timely in submitting financial reports to the SACS/PSU. If not what actions are being taken to address this issue.			

		• Is the financial review of NGOs by the PSU adequate in terms of the quality and frequency • Are on-site visits to the NGOs made by the finance staff of the PSU • Have annual audited financial statements received from the NGOs. • Comment on the quality and adequacy of the financial records maintained by the NGOs (for the sample covered during the course of quarterly internal audit)- attach a separate sheet where necessary.
3	Peripheral Units	• Has a sanction letter been issued for the proposed activity by the peripheral unit • Are the financial management, financial reporting and date of settlement of advance indicated in the sanction letter. • Is the settlement done on time and is supported by a proper utilization certificate • Are subsequent tranches released without settlement of the first advance • Comment on the quality and adequacy of the financial records maintained by the peripheral units (for the sample covered during the course of quarterly internal audit)- attach a separate sheet where necessary.
4	Overall Monitoring of advances	• Is the system for monitoring and control of advances adequate • Are there a large number of advances overdue • Is a ageing report generated for review by the project director on a periodic basis.
5	Operation of bank account	• Is the bank reconciliation carried out on a monthly basis • Are there any un-reconciled or un-accounted for balances • Are payments made by crossed cheque/ draft. • Is there adequate physical control over cash, receipt book and blank cheque books

- | | | |
|---|--------------------------------------|--|
| 6 | Fixed Assets | <ul style="list-style-type: none"> • Have the procurement procedures prescribed in the Procurement Manual followed by the SACS for procurement of assets purchased by the SACS. • Are these supported by adequate and valid supporting documents • Are the assets procured documented in the fixed assets register giving its location etc. • Carry out a sample verification of fixed assets both in SACS and the peripheral units/ NGOs • Are assets received in kind also recorded in the fixed asset register giving the date of receipt, location etc. • Is a material been purchased for the activity? • Has the purchased material been entered in the stock register? Is it upto date and physical stock in agreement with book balances? |
| 7 | Purchase of Goods & Services by SACS | <ul style="list-style-type: none"> • Have the procurement procedures prescribed in the Procurement Manual followed by the SACS for procurement of goods & services purchased by the SACS. • Are these supported by adequate and valid supporting documents • Where goods including drugs are procured are these correctly recorded in the inventory register. • Carry out a sample verification of inventory of consumables, drugs supplied to the NGO's peripheral units • Are goods (ART drugs, test kits etc) received in kind also recorded in the inventory register. Do the physical balance agree with the book balance. Comment on the variance if any. |
| 8 | Accounting | <ul style="list-style-type: none"> • Is the CFMS operational and upto date • Is PFMS being used for all payment and receipt? Reason & Extent of deviation? • Are there any constraints in using the system • Are back up processes adequate • Have the financial reports for the previous quarter generated from the CFMS sent to NACO in a timely manner. |
| 9 | Other Issues | <ul style="list-style-type: none"> • Any other issues that the firm may like to address |

Signature of the CA Firm

MODEL AUDIT REPORT
(For Project Financial Statement)

The Project Director,

_____, AIDS Control Society,

Introductory Paragraph

We have audited the accompanying financial statements of the National AIDS Control Project-Phase IV (financed under World Bank Credit No _____ 3242-IN and DFID grant No _____) as of March 31, 20.... 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 mis-statement. 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.

Opinion Paragraph

In our opinion, the financial statements, read with observation, if any, give a true and fair view of the Sources and Application of Funds and the financial position of _____ State Aids Control Society for the year ended March 31, 20..., in accordance with consistency applied accounting standards..

In addition, (a) with respect to IFRs, adequate supporting documentation have 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.

[Name and Address of Audit Firm]

[Date – Completion Date of Audit]

Notes:

1. A "Source and Application of Funds" statement is always required for each project. A balance sheet is also required where the project has assets and liabilities.
2. In case a qualified opinion or disclaimer is given by the auditor, the audit report should state in a clear and informative manner all the reasons for such an opinion.
3. Audit report has to be accompanied by
 - a) Management Letter
 - b) Listing on ineligible claims, if any
 - c) Reconciliation of expenditure as per IFR with the actual expenditure as reported in the audited financial statements
 - d) Annexure on whether there are any exceptions with adherence to the procurement procedures