

TERMS OF REFERENCE FOR THE AUDIT OF

GUJARAT STATE COUNCIL FOR BLOOD TRANSFUSION-AHMEDABD FOR

YEAR 2009-10

COUNCIL BACKGROUND AND OBJECTIVES:

Gujarat State Council for Blood Transfusion has been established by Health & Family Department of Government of Gujarat for availability and accessibility to safe blood as well as promotion of voluntary blood donation in the state. The fund is received from Government of Gujarat and from Central Government.

The key objectives of the Council are as mentioned below:

- (A) To make adequate and safe blood available to people
- (B) Promotion of Voluntary Blood Donation
- (C) To reduce the spread of HIV infection in India; and
- (D) Strengthen India's capacity to respond to HIV/AIDS.

FUNDING – BUDGET

Gujarat State Council for Blood Transfusion receives grant from the budget of Government of Gujarat as well as from Central Government's Budget. The

Council implements activity through various approved Blood Banks and other affiliated organizations in the state and the grant are given to various blood banks for Procurements of Equipments, Training, and Outdoor Blood Donation Camps etc.

SCOPE:

The audit will be carried out in accordance with internationally accepted Standards of Auditing (ICAI), and will include such tests and controls, as the auditor considers necessary under the circumstances. The auditor should indicate the extent (if any) to which the examination would not confirm to those standards. In conducting the audit, special attention should be paid to the following:

- (a) All external funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only the purposes for which the financing was provided.
- (b) Counterpart funds have been provided and 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.

- (c) Goods and services financed have been procured in accordance with the relevant financing agreement;
- (d) All necessary supporting documents, records, and accounts have been kept in respect of all expenditure reported via Statement of Expenditure (SOE). Clear linkage should exist between the books of account.
- (e) The Council accounts have been prepared in accordance with consistently applied internationally accepted accounting principles/ Standards and give true and fair view of the financial situation of the Council at the end of each fiscal year and of resources and expenditures for the year ended on that date. The Auditor should indicate any material differences from internationally accepted accounting standards where relevant, and their effect on the annual financial statements.

As an annex to the Council Financial Management Statements, the auditor should prepare reconciliation between the amounts shown as “received by the Council from the Government of Gujarat / Central and other agencies.

COUNCIL FINANCIAL STATEMENTS (CFS)

The council financial Statement should include

- (a) A summary of funds received through various funding agencies showing the donors, and counterpart fund separately;
- (b) A summary of expenditures shown as per approved budget. Components and Subcomponent wise.

**STATEMENT OF EXPENDITURE (SOE) / COUNCIL MANAGEMENT REPORTS
(CMR)**

In addition to the audits of the CFS, the auditor is required to audit all SOE used as the basis for submission of withdrawal applications. The auditor should apply such tests and controls, as the auditor considers necessary under the circumstances. These expenditures should be carefully compared for council eligibility with the relevant financing agreements and with reference to the Council Appraisal Document for guidance when considered necessary. Where ineligible expenditures are identified as having been included in withdrawal should be separately noted by the auditor. Annexed to the Council Financial statements should be a schedule individual SOE/CMR withdrawal applications by specific reference number and amount. The total withdrawals under the SOE/CMR procedure should be part of the overall reconciliation of Bank disbursements described above.

AUDIT OPINION

Besides a primary opinion on the Council Financial Statements, the annual audit report of the Council accounts should include a separate paragraph commenting on the accuracy and propriety of expenditures withdrawn under SOE/CMR procedures. The auditor should submit the report to GSCBT.

MANAGEMENT LETTER

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

- (a) Give comments and observations on the accounting records, system, and controls that were examined during the course of the audit;
- (b) Identify specific deficiencies and area of weakness in systems and controls and make recommendations for their improvement;
- (c) Report on the degree of compliance of each of the financial covenants on the financing agreement, legal/ financial obligations and commitments and give comments, if any, on internal and external matters affecting such compliance;

- (d) Report on achievement of the planned results of the council in relation to the objectives set out in the approved Council Implementation Plan;
- (e) Report on economy, efficiency, and effectiveness in the use of resources;
- (f) Communicate matters that have come to attention during the audit which might have a significant impact on the implementations of the council;
- (g) Bring to the borrower's attention and any other matter that the auditor considers pertinent.
- (h) Reports on verification of Stores & Supply etc as per as compared to a books of accounts and assets register.

GENERAL

1. The auditor should be given access to all the legal documents, correspondence and other information associated with the council and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding amounts disbursed under [specify other donor, loan or grant if any]

2. It is highly desirable that the auditor become familiar with a copy of Guidelines on Financial Reporting and Auditing of Council.
3. The Auditor should also timely submit the income tax, charity commissioner and other taxes related forms etc.

TIMING AND NATURE OF FINANCIAL STATEMENTS

The Gujarat State Council for Blood Transfusion (GSCBT) shall ensure that the all financial statements as required under Council Registration Act, all Statement of Expenditure (SOE) / Council Management Reports (CMR) and other records, reports are provided to the Auditor immediately within two months after the end of the accounting period to which the audit refers to allow Auditor reasonable time to comment on these statements.

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