



**AUDIT REPORT**

1. We have examined the Audited Balance Sheet of GARHWAL SABHA, Registration No. HR/019/2013/00534 dt. 27<sup>th</sup> Sep, 2013 (Registered) under the Haryana Registration and Regulation of Societies Act - 2012) and registration no. 73 dt. 20.02.1974 Under the Societies Registration Act, 1860; and having office at 2C, N.I.T. Faridabad – 121001 (Haryana) as at 31.03.2007 and Audited Income & Expenditure Account for the Year ended on that date in terms of Memo No. DR/DIC/FBD/364 Dated 26.03.2021 from District Registrar, Firms and Societies, Faridabad.
2. Audited Financial Statements are in agreement with the books of accounts maintained by the said society *subject to notes to accounts and our observations and opinion based thereon.*
3. *We didn't obtain all the information and explanation*, which to the best of our knowledge and belief were necessary for the purpose of the audit subject to notes to accounts *and our observations and opinion based thereon.*
4. In our opinion, proper books of accounts have been kept by the head office so far as appears from our examination of the books subject to notes to accounts *and our observations and opinion based thereon.*
5. In our opinions and to the best of our information and according to information given to us and subject to notes to accounts *and our observations and opinion based thereon*, we are unable to form an opinion whether the said Accounts give a true and fair view: -
  - i. In the case of the Balance Sheet of the state of affairs of the above-named society as at 31.03.2007, and
  - ii. In the case of the Income & Expenditure Account, of the surplus of its during accounting year ending on 31.03.2007.

UDIN: 21086946AAAABN9294

Date: 12.09.2021  
Place: New Delhi.

For Anil K. Gupta & Associates  
Chartered Accountants

-sd- with Round Stamp

(Anil Kumar Gupta)  
F.C.A.  
Membership No. 086946

Our observations:

1. During this financial year some of ₹ 9,29,897 was collected as membership fees. We were not provided receipts books and forms & documents submitted by applicants of membership. These receipt books, forms and documents have been reportedly placed in a safer place by the then managing committee. ₹5,33,364 was collected on 27-02-2007 (*it was the last day of closure of membership register before election*) and at @ ₹153/- per member, it seems that 3,486 forms were approved on single day. We can't imagine number of persons in managing committee required to accomplish this task of collecting money and forms/documents, checking these, issuing the receipts and approving 3,486 forms in one (1) day.
  
2. There are mentions of asking for quotations as suggested in minutes book for different contracts awarded; But these quotations, comparative statements thereof; and criterion of choosing one contractor couldn't be provided. Hence, the process of award of contract couldn't be verified. **We can't comment about the process of award of contracts issued and amount for which these were issued/awarded for**
  - a) construction of building,
  - b) repair and maintenance of all and any type
  - c) furniture and other assets
  - d) advertisements and
  - e) other school related activities.The same is the case with other purchases and expenditure.

We couldn't find name of payee (legal person) from vouchers, since there is no reference linking name of payee with the name of firm. We will like to refer to bye-laws of society, wherein contractors and suppliers to schools and/or Sabha are barred from undertaking some activity. We couldn't find any disclaimer by contractor/suppliers to school and/or sabha that they are not related to any members of management committee in past or present, nor there is any such disclaimer by members of managing committee.

3. There are mentions of buying land for schools, but we couldn't find any survey report and field surveys before choosing one location for buying land for new school. There were no quotations for different pieces of land in location chosen by the society, hence no comparative analysis of prices of land pieces. In view of above,

we can't comment about process of buying land pieces and amount for which these were bought. Later on, sale of same land happened stating that there is already a BNPS school nearby. Similarly, in absence of proper information, we can't comment on process and amount of purchase and sale of land for school.

4. The Society is not maintaining 'Fixed Assets Register'; hence we couldn't verify Fixed Assets of the Garhwal Sabha and different assets in different schools. There were wide mismatches with Fixed Assets partially maintained at Badkhal School (10+2) and 2C school. We have seen originals of sale deeds of three land, which were mortgaged with the bank previously. We have placed these in safe custody. However, detailed chain of documents pertaining to previous stakeholders in those lands, Legal search reports regarding those wasn't provided to us. **Hence, we can't say anything about situation, location, custody, safekeeping etc. of Fixed Assets of the society and various schools and also originals documents.** Insurance Register also couldn't be provided, which could have provided some guidance about fixed assets belonging to Society.
5. The Society is not maintaining 'Mortgages/ Charge Register'; hence we couldn't say anything about secured loans of society and as to whether, which assets are pledged and/or mortgaged with different banks/financial institutions.
6. The society is running schools in Faridabad and major sources of revenue are fees derived from schools. We were not provided 'Fees Reconciliation Statement' to enable us to verify whether all the fees have been collected or not and if not collected, whether the same has been carried to next year. Similar is the case with fees paid in advance. Proof and authority of full and/or partial waiver of fees of students also couldn't be provided and couldn't be verified. Policy decisions regarding full/partial waiver of fees and also for students who couldn't make it to next classes were not found. However, as per books of accounts and book entries, it seems that unpaid fees and advance fees have been carried forward to next years. In our opinion, it seems that there may not be major differences, but with all the fees clerks in place in all the schools, it is strange that monthly and Annual Fees reconciliation, which is the major source of revenue, couldn't be provided.
7. Similarly, we were not provided 'salary reconciliation' and their matching with their respective attendance sheets. We have been told that Principal madam and branch in charges send signed attendance sheets monthly, but the respective records couldn't be provided to us for this respective year. There is no checking and

verification of attendance of various schools and temple by the management and head office staff.

We have been told that the process of appointments, removals, transfers, increments is with managing committee, but we were not provided with records showing process adopted for selection of various staff members. There are no studies, whether staff available with other branch can be transferred and prior firm opinion about qualification, experience etc. of staff to be selected. The present administrative staff couldn't provide us documents as to how many applications received, panel of interview board, requirements of written tests etc. before interview, recommendation of interview board and basis of decision of staff section committee. We could not find standard salary structure of staff persons selected and hence verification of salary amount couldn't be done. Annual Increment orders and their certification is not found in proper form. In our opinion, it seems that there may be variances in regard to a) selection, b) appointment c) salary fixing d) increment and attendance of various persons. We can't rule out differences in amount payable of the salary amount. It is strange that monthly and Annual salary reconciliation, which is the major expenditure, couldn't be provided.

Further, there is mention of some close relative of MC members working in schools and regarding their behavior. We couldn't find any disclaimer by employees/beneficiaries of school and/or sabha that they are not related to any members of management committee in past or present, nor there is any such disclaimer by members of managing committee.

8. There is mention of passing of budget in 1<sup>st</sup> quarter of every year in the bye-laws of the society and the same has been mentioned in the minutes of the meetings also, but the copy of budget passed in the meeting were not provided.
9. The society and schools do not have a practice of issue and certify cash balance at the close of month and at the close of year with number of notes of each denomination. Hence, cash balances taken as per balance sheet only. There have been many instances of cash being kept by office bearers of managing committee and refund of cash by them to the society on different dates. *This practice gives room to a doubt whether the society was having cash in hand on cut-off date as stated in accounts and in the balance sheet.*
10. In terms of bye-laws of the society, cash receipts and payments are to be made through banking channels only and only in emergency case through cash. Different powers of office bearers of MC of society have been prescribed. The President has power

of expenditure of ₹ 10,000; general Secretary ₹ 7,000 and Treasurer ₹ 5,000 in cash and in emergency. However, there is mention of different powers, which might be given to different office bearers, but the same should have been passed in MC meetings with appropriate rules. There have wide defaults of this clause stated in bye-laws.

11. The society has paid monthly telephone allowances at the end of year to certain advisors. There is mention of conveyance allowance to office bearers in minute book but not of telephone expenses. ₹ 7,200 were paid to some of the advisors from Sabha and ₹ 57,600 from School.
12. The society has paid ₹ 60,374 on 105 occasions out of 365 days in a year. We couldn't find 105 meetings in minute book. We could not find notice, agenda, name of attendees, nor minutes of such meetings.
13. The society has paid ₹ 14,000 to some of the advisors @ ₹400/- per month from Sabha and ₹ 14,400 from school as conveyance allowance, whereas minutes suggested that all the advisors and office bearers should be paid such allowance.
14. The society has paid ₹ 16,610 as taxi charges from Sabha and ₹ 36,898 from school to one or two taxi operators. It is not clear how these visits served the purposes of advancement of objects of society 'Garhwal Sabha.'
15. The BNPS main school has reportedly distributed books worth ₹ 50,000/- amongst meritorious students in October 2006, whereas academic session started in April 2006. We were not provided list of beneficiary students. Similarly, it has been reported that cash benefits of ₹ 50,000/- were distributed amongst meritorious students in January 2007. We were not provided with any such list of beneficiaries. These benefits were extended by books suppliers as per discussion in MC meeting.
16. We were not provided with tender, quotations, selection process and basis of selection of contractor M/s KS Construction

The sum of ₹1,44,668/- and ₹1,67,486 received back from KS Construction in October 2006 signaling excess payment made. But thereafter, more payments were made to them for another contract. No explanation was found from the records made available to us.

In the contract of M/s K.S. Construction, there is no mention of recovery in case of low quality and it seems that no retention

amount has been provided for. A Bill of ₹5,43,480/- of KS Construction of 30.12.2006 of construction of boundary wall and reconstruction of same boundary wall due to mismanagement. The same has been mentioned in minutes of meeting. There were some differences of opinion amongst MC members about release of funds to M/s K C Construction. We can't rule out ad-hoc attitude towards serious work of construction of building for school children. There are 6 items of boundary wall again and again as well as the same boundary wall was repaired again and again. The society hasn't retained 5% or 10% of amount of contractor to take care of deficiency in building work despite such incidents. In our opinion, we can't certify the amount spent on construction and repair work during this period.

We, state that we have come across some facts and information was not provided for as stated above. We don't rule some other deficiencies either.

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For Anil K. Gupta & Associates  
Chartered Accountants

Date: 12.09.2021  
Place: New Delhi.

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