



AUDIT REPORT

1. We have examined the Audited Balance Sheet of GARHWAL SABHA, Registration No. HR/019/2013/00534 dt. 27th 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 31.03.2010 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 31.03.2010, and
 - ii. In the case of the Income & Expenditure Account, of the surplus of its during accounting year ending on 31.03.2010.

UDIN: 21086946AAAABQ7658

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 ₹ 10,17,044 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. ₹6,37,092 was collected on 25-02-2010 (*it was the last day of closure of membership register before election*) and @ ₹153/- per member, it seems that 4,164 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 4,164 forms in one (1) day. Just for comparison, membership fees of ₹ 153 was received in FY 2007-08 and ₹ 612 during 2008-09.

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 building, furniture and all and any type
- c) car, furniture, mobile, computers and other assets
- d) advertisement, cultural program 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.

Society has paid ₹ 1,09,14,316 to M/s K.S. Construction on construction of school building from one contractor. Strangely water through tankers was supplied by society. We were not provided with quotations invited, process of choice of contractor, rate for which various contracts awarded, timelines, retention money, liability in case of deficiency in quality of building and/or services provided.

Similar is the case with expenditure of computers, Furniture and Fixtures and mobile phones and other items.

We couldn't find name of payee (legal person), 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. 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.
4. 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.
5. 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.
6. 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 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 differences 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 no such disclaimer by members of managing committee.

7. There is mention of passing of budget in 1st 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.
8. 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.
9. In terms of bye-laws of the society, cash receipts and payments are to be made through banking channels only and only in grave emergency 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 ₹ 7,500 and Treasurer ₹ 5,000 in cash and in emergency. There have wide defaults of this clause stated in bye-laws. 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.

Huge amounts have been spent in cash and many of these expenses have been adjusted in last month of year, which is quite troublesome and casts doubt about actual happening of expenditure and also on amounts spent.

- a) ₹ 86,39,217 have been spent in cash in Main School
- b) ₹ 10,69,293 in books of Sabha.
- c) ₹ 23,17,194 in books of SGM branch
- d) ₹ 44,45,221 in books of Dabua branch
- e) ₹ 39,88,159 in books of JC branch
- f) ₹ 11,19,136 in books of SP branch

10. The society has paid monthly telephone allowances ₹ 6000 p. m. to management. There is mention of conveyance allowance to office bearers in minute book but not of telephone expenses. ₹ 7,2000 were paid from School.
11. The society has paid ₹ 2,34,631 on 695 occasions in one year. We couldn't find as many meetings in minute book. We could not find notice, agenda, name of attendees, nor minutes of such meetings.
12. The society has paid ₹ 1,23,000 to some of the MC members @ ₹1,000 per month from school as conveyance allowance, whereas minutes suggested that all the advisors and office bearers should be paid such allowance @ 400 p.m.
13. The society has paid ₹ 1,16,853 on 33 occasions for repair of Indica Car. The book value of this car is ₹2,83,449.84 as at the end of year. This car is besides one other SUV car in the books of school. Almost All payments have been made in cash.
14. The society has paid ₹ 32,545 as taxi charges from Sabha and ₹ 20,500 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. There was purchase of 5 mobile phones for ₹ 21,045 from school, usage of custody of five (5) phones is with MC members, which is against bye-laws of society. As stated above bye-laws of society

bars user(s)/beneficiary(ies) and persons having society assets in possession from certain activities including nomination for elections of society.

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.

Date: 12.09.2021
Place: New Delhi.

For Anil K. Gupta & Associates
Chartered Accountants

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