



**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 31.03.2010 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 31.03.2011, and
  - ii. In the case of the Income & Expenditure Account, of the surplus of its during accounting year ending on 31.03.2011.

UDIN: 21086946AAAABR4956

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 no membership fees was received, despite the fact that elections were held during the year.
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 ₹8,00,000 to one Mr Fateh Singh for purchase of land at Sector-3, Ballabgarh. There is no mention of

- a) Reasons for purchase of land;
- b) Price and market survey whether school is workable in that particular area;
- c) Price survey of land pieces nearby;
- d) Land purchase committee members and their opinion on this land;
- e) Broker name or direct deal;
- f) How many bids were made and before whom?

*In the absence of information, we are unable to comment of process of purchase and also amount of purchase price of this land.*

Society has sold land 1200 sq yard at Badkhal for ₹5,50,000 to one Mr. Panni/Rambir of Faridabad. There is no mention

- a) of reason for sale;
- b) price survey of land nearby;
- c) Broker name or direct deal
- d) No mention of how many bids received?
- e) Whether this piece of land adjacent to existing land?

It has not been mentioned when this piece of land was purchased. There is no mention how this sale has benefitted society and how objects of society were achieved by sale of this land? *In the absence of information, we are unable to comment of process of sale and also amount of sale price of this land.*

One instance of payment by account transfer is being quoted. Advocate T.S. Tomar was paid advance of ₹10,000 for court expenses on Aug 10. He didn't provide any voucher, so later on 31<sup>st</sup> March, 2011 Advocate T.S. Tomar was asked to pay to M/s Sikander Kumar Woodworks ₹10,000/-. It sounds so unreasonable like advocate paying cash to Wodworks after six months of receipt of cash. It seems unreasonable and not happening since there was no such correspondence nor such confirmation from the voucher. Hence, both the transaction of 'court expenses' and 'payment for ballot boxes' becomes questionable.

SP Branch has paid ₹27,135 for dismantling of old room in march,2011 to M/s Satyam Constructions. It is strange since contractor usually pay for dismantling, since they get some building material, even dust is saleable. This SP Branch only has paid ₹11,400/- in July 2010 for Malba for land filling in cash.

SP branch has paid ₹1,79,880 for toilet pit, Iron jali and drain in Aug 2010. It seems excessive since there are no quotations, no prior estimate, no competitive rates and In-charge madam has also paid for same thing during these days only.

Dabua School has paid @₹1800/- per set of bench in Jun,2010 and ₹2,500 per set in Mar,2011 to the same vendor i.e., 'Sikander Kumar Woodworks'. The same vendor has been mentioned in election expenses done by Sabha as well. SP branch of BNPS School has paid @ 1516 per set of bench in April 2010.

SP branch paid ₹4,44,750 to satyam Constructions for repair work for advance payment made for simple works with no claim back clause, no quotations, no estimate and no competition.

Schools are paying generator charges invariably during July, August and September and this year too, but with no variables in electricity expenses. I wish expenses could have been with competition or generator could have been bought as Invertors are also there in schools.

Society has paid ₹ 49,00,285 to M/s K.S. Construction on construction of school building and repair and maintenance from one contractor. 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.

Society has paid ₹25,11,058 to M/s Shree Motors Pvt Ltd for two (2) buses. There are no quotations, field surveys, cost estimates of running the buses. Hence, we cannot comment of process and amount of purchase of buses.

Society has made an expenditure of ₹4,24,800 on purchase of computers and accessories. There are no quotations, price surveys, Requisitions from schools, cost estimates etc. Hence, we cannot comment of process and amount of purchase of computers.

Society has made an expenditure of ₹76,200 on purchase of mobile phones. There are no quotations, price surveys, Requisitions from schools, cost estimates etc. There are no gate-in-entries and presently not matching with details of fixed assets. Hence, we cannot comment of process and amount of purchase of mobile phones.

Society has made an expenditure of ₹13,11,100 on purchase of furniture and Fixtures. Out of this ₹ 8,64,676 were payable to one Mr.

Sikander Kumar only. There are no quotations, price surveys, Requisitions from schools, cost estimates etc. There are no gate-in-entries and presently not matching with details of fixed assets. Hence, we cannot comment of process and amount of purchase of mobile phones.

Similar is the case with expenditure on Water cooler, Xerox machine, and other items.

Society has made following expenditures mostly in cash for following:

a) Repair of Building-₹15,30,019

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.

In the case of repayment of loan against Indica car, society paid two instalments extra, which were recovered later on. These mistakes reflect on poor internal control methods adopted by the Society.

There is a typical case of Bhatt Tours and Travels, which was financed ₹7,00,000, besides buses from bankers of Society on mortgage of properties of society. Society paid him revenue income of ₹17,71,300/- during FY 2010-11. Society was to recover ₹7,50,832 from M/s Bhatt Tours and Travels as on 01.04.2010. Society paid him further loan of ₹2,50,000 and his closing balance of loan is ₹6,00,000/-. It seems that this firm is earning from the funds of society only.

Similarly, M/s Rawat Tour and Travels was also paid ₹2,50,000 as loan and the same amount and one instalment is still due to be received.

Society has paid ₹62,180/- on their behalf on account of passenger tax and didn't recover it from these bus operators. Buses are not in the Fixed Assets of school.

Society has paid ₹1,00,000/- loan to M/s Satyam Manpower Consultancy.

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 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.

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.

The society has paid ₹1,10,000 to Mr. Dev Singh Gusain, which was not received back during the year, which was ultimately paid back by Mr Dev Singh in cash in March 2013. *It is highly objectionable.* The society has paid ₹40,000 to Mr. RP Uniyal in Nov 2010 and Dec 2010, who paid this amount to Mr. Vijinder Uniyal, as advance. Later on, Mr Vijinder Uniyal paid 40,000 n cash in March,2011. *It is clear misuse of cash of society.*

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) ₹ 1,19,80,888 have been spent in cash in Main School

b) ₹ 14,21,319 in books of Sabha.

c) ₹ 19,10,043 in books of SGM branch

- d) ₹ 42,88,979 in books of Dabua branch
- e) ₹ 23,13,400 in books of JC branch
- f) ₹ 11,56,106 in books of SP branch

10. The society had paid ₹5,11,374 to Mr. Jai Pal and Mr. Shashi Kant all in cash for election expenses. The society paid rent of Hall and ballot Boxes separately. Cash was paid in advance way back in April 10 for elections to be held in July 10. Many lunch expenses were ten (10) days after elections were held. ₹5,66,260 were total election expenses. Such a level of expenses for election of society is beyond imagination, where *“local residents of Faridabad”*, being voters present themselves physically and vote through ballot to elect more than 15 members to management committee. As per bye-laws of society local residents of Faridabad and those belonging to Gharwal only can be members of society. *We can't rule out that these might have been electioneering expenses. No membership fees were received during these elections.*
11. Examination expenses of ₹4,97,666 were incurred, out of which ₹ 2,48,554 to one M/s Vasu Photostat (₹1,85,463 vide cheques and ₹86,867 through cash and imperest. No quotations, no security, no gate-in entries were provided hence, we can't comment of this expenditure. Besides this, ₹2,14,797 was incurred on printing and stationary.
12. Advertisement expenses of ₹46,000/- were for winners of elections and can not be funded out of society or these were for electioneering? ₹30,920 were incurred for banner hanging in Jan,2011. *It seems that this expenditure was not to achieve and objectives of society.*
13. The society has paid ₹ 95,821 in cash towards sports expenses. There are few mentions of items purchased and to whom there were issued. There are no quotations, estimates and gate-in-entries, fixed assets entries. *We can't comment on this expenditure in absence of relevant information.*
14. The society has paid monthly telephone allowances ₹ 84,400 to management paid from School. There is mention of conveyance allowance to office bearers in minute book but not of telephone expenses.
15. The society has paid ₹ 2,08,769 on 324 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.
16. The society has paid ₹ 1,16,080 to some of the MC members from school as conveyance allowance, whereas minutes

suggested that all the advisors and office bearers should be paid such allowance @ 400 p.m. only.

17. The society has paid ₹ 33,260 as taxi charges from Sabha and ₹ 32,793 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.'
18. The society has paid ₹36,000 to gardener, whereas there was no grass in 2C Branch, where office of Sabha is situated. All the 7 schools incurred only ₹6,745 on gardening expenses.
19. There was purchase of more than 18 mobile phones for ₹ 76,200 from school, usage of custody of five (5) phones is with MC members, which is against bye-laws of society. It seems that 12 mobile phones also might have been issued to MC members. 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.

For Anil K. Gupta & Associates  
Chartered Accountants

Date: 12.09.2021  
Place: New Delhi.

-sd- with Round Stamp

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