



**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 31.03.2012, and
  - ii. In the case of the Income & Expenditure Account, of the surplus of its during accounting year ending on 31.03.2012.

UDIN: 21086946AAAABS8308

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.
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 ₹64,35,003 to one Mr Fateh Singh and Mr. Surtej 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.***

SP Branch has paid ₹1,95,000/- for benches in April 12 from Sikandar Kumar Wood Works. *In the absence of quotations, requisitions, gate in entry, we are not able to comment on process and amount of purchases.*

SP branch paid ₹41,52,746 to M/s Satyam Constructions for repair work at various branches and also for building wok at sector 3 and *advance payments were made with no claim back clause, no quotations, no estimate and no competition.* During this FY 2011-12 cash ₹1,66,447 was paid in cash. We doubt the genuineness of cash payment to a party, who was being paid through banking channels and to whom society had given ₹1,00,000/- loan every year, (which was adjusted during this FY only). On 30.7.2011 cash of ₹1269 was paid to M/s Satyam to make account Nil, but there was advance

receivable from this party of ₹10,48,892/-. *We are not aware, which account was settled on 30<sup>th</sup> July 2011?* Malba and Rori filling bill was of 30,206 and this bill was paid in cash after 15 days. It is to be noted that advance due on date of cash payment was ₹36,968/- to this party. *We doubt this transaction, since malba must have been created from the construction work itself.* This same party issued a bill in dec 11 for repair work at JC Branch of main gate etc. of ₹56470/-, which was paid in cash, whereas society has paid loan to this party earlier and advance due to receive from this party was ₹7,47,516/-. *We doubt this transaction more since cash was paid in three instalments even though society was due to receive loan and advance money.* Society paid ₹11,708 in cash on 31<sup>st</sup> Mar 2012 and ₹18,751 was adjusted out of loan given to this party. On this day only society received ₹11,708 in cash from this party towards loan account. Society has paid ₹1,50,000 as loan to this party during this fin year 2011-12. Another instance worth mentioning is that society paid advance of ₹1,00,000 by banking channels and received cash ₹60,000 in Loan account from this party. Society was to receive back ₹3,20,350 at the end of year from this party. *This is the case of earnings by this party and some others from the funds of society only. We doubt the genuineness of these transactions based upon circumstances and also since there are no quotations, itemized bills, no claim back clauses and no retention money etc. also.*

Society has paid ₹2,50,000 to one M/s Walia Building Material Supplier on 16<sup>th</sup> and 19<sup>th</sup> March 2012 and received back 530/- on 31<sup>st</sup> March 2012 i.e., one day after the material was received on 30<sup>th</sup> March, 2012. Such transaction at close of FY are irksome.

Society has paid ₹ 5,62,446 to M/s K.S. Construction for repair and Maintenance of new building at 2C branch repair and maintenance from one contractor. Society has paid ₹ 8,80,198 to M/s Walia Craft for repair and Maintenance of building at 2C branch. 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 ₹13,05,078 to M/s Shree Motors Pvt Ltd and others to buy one (1) bus. There are no quotations, field surveys, cost estimates of running the buses. Society has bought one old bus for ₹6,00,000 from M/s Rawat tours and Travels. There are no estimate, no condition report, no survey report etc. *Hence, we cannot comment of process and amount of purchase of buses.*

Society has sold two vehicles Tata Indica and Tavera for ₹1,63,000 & ₹3,35,000 respectively for cash and Bank account directly. There is no mention of name of buyer in case of Indica, no quotations, no material to prove sale at competitive price.

Society has made an expenditure of ₹2,28,150 on purchase of computers and software. There are no quotations, price surveys, Requisitions from schools, cost estimates etc. Similarly, society has paid ₹30,000 for web designing to one M/s Pitra Infotech in previous fin year 2010-11, whereas there is no website in place. During this Fin year 2011-12, society paid ₹13,800/- again, but website is still not in

place. *Hence, we cannot comment of process and amount of purchase of softwares.*

Society has made an expenditure of ₹11,400 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. these mobile phones were issued to MC members again.

Society has made an expenditure of ₹4,71,899 on purchase of furniture and Fixtures, repair of furniture and repair of buildings 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 these expenses.

Similar is the case with expenditure on Invertor, sound system, fans coolers, and other items.

Society has made following expenditures mostly in cash for following:

a) Repair of Building-

Dabua branch paid ₹4,63,024 to M/s Satyam Construction for building repairs etc. SGM branch paid ₹1,50,000 to one Mr Sikandar Kumar for furniture and ₹55,740/- to M/s Satyam Construction for repairs. SGM branch paid ₹51,716/- all in cash for repairs including plastering in one room. No details, no quotation, not gate in entries, no entry in Fixed Assets. *Hence, we can not comment on process and amount of expenditure.*

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.

A very strange thing happened in January,12. One or two buses were purchased by M/s Rawat Tour and Travels, but it was funded by banker on the basis of loan to society on properties of society. Bank charges, passenger tax and processing charges were borne by the society for loan to this firm. During this time, old bus, which was previously funded by the society only was purchased from M/s Rawat Tour for ₹6,00,000 and society paid ₹1,10,000 in cash and adjusted loan given to him of ₹5,00,389.46. No cash was paid to this firm for last many years. There were some more cash payments and receipts, which seems to be bogus in nature in the account of Rawat tour and Travels.

We don't know whether society continued to deal with these kind of bus operators even after this incident.

There is a typical case of Bhatt Tours and Travels, which was financed ₹6,00,000, besides buses from bankers of Society on mortgage of properties of society. Society paid him revenue income of ₹8,29,275/- during FY 2011-12. It seems that this firm is earning from the funds of society only.

Similarly, M/s Rawat Tour and Travels was also paid ₹1,81,237.70 vide bank and received cash from him ₹1,81,23.70 on same day and the same amount and one instalment is still due to be received.

Society has paid ₹46,430/- 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 paid ₹33,22,102 for Repair and maintenance of building to various persons and also in cash. Even new buildings need repair in almost all case. All the expenditure is without requisition, without quotation, without retention money, without claim back clause, with no safety and addresses of service providers are not in the books of accounts, except where sketchy details are on bills mostly. In view of absence of information, we are unable to form an opinion on process and amount expended on this count besides similar expenditure of computer repair, buses & car repair.

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) ₹ 81,49,661 have been spent in cash in Main School
- b) ₹ 10,79,065 in books of Sabha.
- c) ₹ 35,30,365 in books of SGM branch
- d) ₹ 33,01,420 in books of Dabua branch
- e) ₹ 33,83,530 in books of JC branch
- f) ₹ 13,56,100 in books of SP branch

10. Sehatpur Branch of the society paid ₹19,500/- in cash to Mr Rakesh Ghildiyal against his bills of ₹15,781/- of repair and maintenance with no narration. *Strangely*, Mr Rakesh Ghildiyal paid back ₹3,719 on same date. Whereas, Mr Rakesh Ghildiyal paid ₹10,000/- on 31<sup>st</sup> March 2012 after 7 months, which were taken on 12<sup>th</sup> August 2011. *Nature of expenses booked and surrounding circumstances doesn't inspire confidence in the transactions entered.*

11. Photostat Expenses were of ₹1,58,434 in main school, out of which ₹ 1,44,423 were paid to m/s Annex Digital Automation. 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 ₹2,61,620/- were without any quotation, any estimate, press coverage analysis. Similarly, ₹17,700/- were incurred by Sabha. *Hence, we are unable to form an opinion about these expenses.*
13. The society has paid ₹ 14,115 in cash towards sports expenses. There is no mention 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 ₹ 37,000 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 ₹ 1,59,688 on 234 occasions in one year including but not limited to lunch and dinners outside the premises for many persons. We couldn't find as many meetings in minute book. We could not find notice, agenda, name of attendees, nor minutes of such meetings. We can't comment nor we could relate these expenses to objects of society.
16. The society has paid ₹ 3,35,300 to some of the MC members from school as conveyance allowance and Sabha paid ₹51,829/- to MC members for 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 ₹ 47,540 as taxi charges from Sabha and ₹ 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 ₹87,000 as donation to different units. From the details, it is not clear how these donations were linked to objects of society.
19. The society has paid ₹95,600/- to two advocates. We were not provided with briefs of advocates and case results and types of expenses.
20. The JC Branch paid ₹61,795/- to Akela Painter for painting of wall, which are very excessive compared with current rate of figures painting in schools. The details without any quotation, any estimate, coverage analysis. *Hence, we are unable to form an opinion about these expenses.*



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

-sd- with Round Stamp

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