



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 31.03.2013, and
 - ii. In the case of the Income & Expenditure Account, of the surplus of its during accounting year ending on 31.03.2013.

UDIN: 21086946AAAABV4022

Date: 19.09.2021
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, of all and any type
 - c) repair and maintenance of furniture
 - d) repair and maintenance of buses
 - c) purchase of buses, car
 - d) purchase of 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.

Sabha has paid ₹59,43,609/- to M/s Satyam Constructions for building and repair work at various branches *advance payments were made with no claim back clause, no quotations, no estimate and no competition. Last bill of repair and Maintenance of building was of ₹11/- only. It is clear that this book entry is just to accommodate payment made extra to vendor.* During this FY 2012-13 cash ₹1,15,000 was paid in cash. We doubt the genuineness of cash payment to a party, who was being paid through banking channels.

Society has paid ₹8,75,360 to one M/s Walia Craft in April 2012. This firm was paid from SGM Branch for expenses incurred in Sehatpur Branch in July 2012. Such transaction at close of FY are irksome. There are no quotations, no comparative analysis, no requisitions from schools, timelines, retention money, liability in case of deficiency in quality of regarding paint work.

Society has paid ₹91,34,420/- to M/s Shree Motors Pvt Ltd and others to buy seven (7) buses. 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, which was sold for ₹5,10,000/- during FY 2012-13 in cash. There is no estimate, no condition report, no survey report etc. *Hence, we cannot comment of process and amount of purchase as well as on sale of buses.*

Society has paid ₹10,80,000/- to one M/s Pearson Education Services Pvt. Ltd. For smart class expenses. There are no quotations, price surveys, Requisitions from schools, cost estimates etc. *Hence, we cannot comment of process and amount of this huge expense.*

Society has made an expenditure of ₹3,15,450/- on purchase of computers. There are no quotations, price surveys, Requisitions from schools, cost estimates etc. *Hence, we cannot comment of process and amount of purchase of computers.*

Sabha has paid ₹33,095/- for 28 fans in July 12 from M/s Alok Distributor. *In the absence of quotations, requisitions, gate in entry, we are not able to comment on process and amount of purchases.*

Society has made an expenditure of ₹34,450 on purchase of mobile phones. Out of these two mobile phones were issued to MC members, which is against bye-laws of the society. 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 paid ₹9,30,085 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.

Sabha has paid ₹2,20,740.32 for cabins and tables of accounts section and paid this amount to M/s Newage Furniture Innovation. Sabha has also paid ₹4,77,835/- to M/s Rohit Aluminium and glass Works for renovation of Accounts section. There are no quotations, price surveys, Requisitions from schools, cost estimates etc. Hence, we cannot comment of process and amount of these expenses.

Society has paid ₹1,81,070/- to one M/s Santi Generator House for different type of generators. There are no quotations, despite the fact that this is routine exercise every year. Last bill of generator service is of ₹70/- as against bill of ₹1,81,000/- in Oct. 12. It seems that society has paid ₹70/- extra casually and then adjusted this entry of ₹70 as generator charges.

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

Society has paid ₹30,000/- on various dates till dec.12 reportedly against bills to Mr. SP Bhatt for internal audit and debited this sum in conveyance expenses (Local) and not towards internal audit.

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 except discrepancy in Fees waivers, 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 many close relative of MC members working in schools and regarding their behavior and salary. 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 some meetings also, but the copy of budget passed in the meeting were not provided. We couldn't find mention of passing of budget during this year.
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 in cash to different MC members They repaid these cash loan in cash in total violation of income tax provisions particularly 269SS and 269TT of Income Tax Act, 1961. These practices have happened previously also and all with and by the MC members.

Sl	Name	Op Bal	Cash taken on Loan by named person	Month when taken	Cash Paid by named person	Month when returned back
1	Dev Singh Gusain		40000	Nov10		
			65000	Dec 10		
			5000	Mar 11		
			5200	Mar 12		
			40000	Apr 12		
			24000	Oct 12		
			7000	Dec 12		
			27000	Feb 13		
					213000	Mar 13
2	B.S. Negi		40000	Aug 11		
					20000	Aug 11
					4770	Mar 12
		Bank	150000	Sep 12		
			38000	Nov 12		
					115000	Feb 13
					88230	Mar 13
3	GP Uniyal		20000	Aug12		
			7000	Nov 12		
			12000	Jan 13		
					1000	Feb 13
					38000	Mar 13
4	Pradeep Negi		20000	Oct 12		

			20000	Nov 12		
					40000	Mar 13
5	P.S. Bagri		20000	May 12		
					5000	July 12
			25000	Nov -19		
					35100	Mar 13
6	RP Uniyal		100000	Apr 12		
			15000	Jul 12		
			44000	Aug 12		
			20000	Dec 12		
					34500	Mar 13
7	Sunil Kotnala				17500	Mar 12
			20000	Jul 12		
			15000	Nov 12		
					35000	Mar 13

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.

- ₹ 1,01,47,474 have been spent in cash in Main School
- ₹ 8,80,407 in books of Sabha.
- ₹ 41,35,820 in books of SGM branch
- ₹ 38,64,786 in books of Dabua branch
- ₹ 41,86,906 in books of JC branch
- ₹ 21,61,960 in books of SP branch

10. Mr. RP Uniyal was paid ₹20,000/- for legal expenses and fees. I can't say whether he can charge professional fees from society, being a MC committee member. He can claim reimbursement for expenses incurred by him. Besides this, all legal expenses were incurred in cash. ₹1,37,200/- was paid out of books of Sabha.
11. Photostat Expenses were of ₹80,891/- in main school, out of which ₹ 60,604/- were paid to m/s Annex Digital Automation. Examination expenses of ₹3,55,605 were incurred, out of which ₹ 67,806 to one M/s Vasu Photostat only in Mar 13 as if no examination papers were got photo stated or printed in September,12 and December,12. 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 ₹1,91,800/- were without any quotation, any estimate, press coverage analysis. Similarly, ₹29,580/- were incurred by Sabha. *Hence, we are unable to form an opinion about these expenses.*
13. The society has paid ₹ 6,00,000 towards faculty expenses to Mr. R.K. Dabral. There is no mention of status, functions, and also benefits to schools and society. Similarly, the society as paid ₹21,956 as 'gift and presentations' besides cultural programs. *We can't comment on this expenditure in absence of relevant information.*
14. The society has paid ₹ 1,98,431 on 256 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.
15. The society has paid ₹ 4,06,5000 to some of the MC members from school as conveyance allowance and Sabha paid ₹35,123/- to MC members for conveyance expenses including taxi, whereas minutes suggested that all the advisors and office bearers should be paid such allowance @ 400 p.m. only.
16. The society has paid ₹ 47,540 as taxi charges from Sabha and ₹ from school to one or two taxi operators. Sabha has paid ₹18,138/- as taxi charges out of total conveyance expenses of ₹35,123/- It is not clear how these visits served the purposes of advancement of objects of society 'Garhwal Sabha.' Mr. SK Jugran was paid ₹21,556 for conveyance on 31-12-2012. It is highest expense out of conveyance.
17. The society has paid ₹1,13,988/- mainly in cash for uniform to staff as against ₹18,134/- during 2011-12. From the details, it seems excessive as compared to previous year. Further, absence of gate entry, quotations, requisitions raise further question about authenticity of this expenditure.
18. Sehatpur Branch has paid ₹27,300/- on 27th July 2012 towards auto charges, since bus was out of service. This is unique kind of expenditure, which was not repeated. Normally, such

expenditure is not done by schools. Similarly, Mr. SK Jugran paid ₹30,550/- for student welfare, being bus repair, window, bricks, soil, MS Jali, MS Bar, MS Angle. *It is tough to think which repair is for student welfare.*

19. Amount recoverable from M/s bhatt Tour and Travels (₹1,24,653), M/s Nexus Events (₹2,80,000) and Mr. Ashok Panthari remained pending to be recovered.

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: 19.09.2021
Place: New Delhi.

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