



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 31.03.2014, and
 - ii. In the case of the Income & Expenditure Account, of the surplus of its during accounting year ending on 31.03.2014.

UDIN: 21086946AAAABW7386

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 ₹3,17,652 as membership fees were received. We could not find relevant records and explanations; hence we can't say anything as to rate at which these were 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 ₹71,71,857/- to M/s K.S. 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 2013-14 cash ₹2,75,000 was paid in cash. We doubt the genuineness of cash payment to a party, who was being paid through banking channels. Society has paid ₹24,000/- in Dec 13 for soil filling at Sector 3 School, whereas ₹12,000 was paid in Feb 14 in cash for designing layout plan. *It is noteworthy to mention here that building were being repaired while new construction work was continuing.*

Society has paid ₹20,76,422/- for Aluminium fabrication work at various schools, out of which ₹90,000 was paid in cash to Rohit Aluminium and Glass Works. *Advance payments were made with no claim back clause, no quotations, no estimate and no competition.* These raise a doubt about genuineness of expenditure.

Society has incurred ₹84,512 on CCTV Camera, out of which TV Led was purchased in cash and all other instruments were purchased from M/s VSK Projects. *There are no quotations, no comparative analysis, no requisitions from schools, timelines, retention money, liability in case of deficiency in quality of regarding CCTV.*

Society paid ₹3,66,093 in advance for repair of work, which was done in July 12. They were paid for Bath room repair, Paint, Sink and repair work. *There are no documents to show requirement, no quotations, advance was paid with no claim back clause and no*

retention money, Hence, we are unable to comment on this expenditure.

Society has paid ₹13,75,000/- 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. There is no estimate, no condition report, no survey report etc. *Hence, we cannot comment of process and amount of purchase of buses.*

Society has made an expenditure of ₹4,71,805/- 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 ₹1,07,721/- for fans in July and Aug 13 from M/s D.S. Engg and Traders. *In the absence of quotations, requisitions, gate in entry, we are not able to comment on process and amount of purchases.*

Society has paid ₹1,59,000/- to one M/s United Refrigeration Electric Work for three (3) Water Coolers. There are no quotations, warranty and guarantee clauses.

Society paid ₹3,71,252 for generator charges to M/s Keshav generators. *This is a recurring expenditure and still no quotations, comparative analysis, requisitions from schools were made available. Hence, we can't comment on this expenditure.*

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

Society has paid ₹30,000/- in cash 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. It is quite strange since the same pattern has adopted this year. There are no reports from the internal auditor.

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	Expenses Incurred	Cash taken on Loan by named person	Month when taken	Cash Paid by named person	Month when returned back
1	B S Negi	Nil	35000	Jun13	35000	Mar13
2	Rakesh Ghildiyal	53000/- Donation paid directly. ₹4,660 retained for conveyance	205169	On three occasions	147509	On three occasions

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) ₹ 1,24,40,010 have been spent in cash in Main School
b) ₹ 12,58,705 in books of Sabha.

- c) ₹ 49,19,382 in books of SGM branch
- d) ₹ 37,37,025 in books of Dabua branch
- e) ₹ 51,49,517 in books of JC branch
- f) ₹ 38,89,147 in books of SP branch

10. The society has paid ₹2,44,411/- to one M/s Meenakshi Enterprises for
 student Diary @ 23/- per diary in April 13;
 Syllabus @ 11.00 per syllabus in April 13
 Report Card @ 14.50 per Report Card in Sept 13
 It seems unlikely that report card costed more than syllabus. *However, there was no budget, requisition, comparative analysis of expenditure and in the absence of information, we are unable to comment of this expenditure.*
11. The society has paid ₹3,43,280/- to M/s Dream learning infotech for SMS services @ exorbitant rate of ₹10/- per student per month. SMS services are generally available @ ₹0.04 per SMS for bulk purchasing. There have been no quotations, competition, survey, requisition from school. *We feel something very wrong in this contract.*
12. The society paid ₹1,82,500/- for tent house, out of which ₹82,500 was in cash. There are no size mentioned and it is generally believed that such cost was for lavish marriage functions 'for tent' only. Total expenditure on annual function celebration expenses were 4,65,184/- and there was no food. Twice, lohis were seventy (70=35+25) purchased in cash ₹27,000 from regular party VK Emporium. Trophies were purchased worth ₹ 42,188 from regular party EFICAZ without debiting and crediting the regular account. *Hence, we doubt this expenditure in comparison and more so, without budget, without quotations, without approvals and sanctions.*
13. The society paid ₹1,55,000 for curtain cloth of 2133 meters, out of which ₹55,000 was paid in cash and balance by cheque. The quantity purchased is huge as compared to present status of curtains. *In the absence of budget, requisition, competition, quotation etc. we are unable to comment on this expenditure.*
14. Mr. RP Uniyal was paid ₹71,000/- 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. Total ₹2,04,000/- was paid out of books of Sabha and School.
15. Advertisement expenses of ₹2,19,870/- were without any quotation, any estimate, press coverage analysis. Similarly, ₹18,425/- were incurred by Sabha. *Hence, we are unable to form an opinion about these expenses.*
16. The society has paid ₹ 3,00,000 towards faculty expenses to Mr. Vijay Laxmi Dabral and ₹3,00,000/- to Mr. Brijesh. Previously these were paid to Mr. R.K. Dabral. There is no mention of status, functions, and also benefits to schools and society. Similarly, the society as paid ₹45,579 from school and

₹21,108/- as 'gift and presentations' besides cultural programs. *We can't comment on this expenditure in absence of relevant information.*

17. The society has paid ₹ 2,73,400 on 222 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. *Two expenses of March 13 were paid in Sep 13. A meeting expense of ₹30,350/- was incurred on one single day and that too in cash.* 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.*
18. The society has paid ₹ 2,54,500 to some of the MC members from school as conveyance allowance and Sabha paid ₹43,430/- to MC members for conveyance expenses including taxi to distant places ₹10,720 and also attend marriage ₹12,000, whereas minutes suggested that all the advisors and office bearers should be paid such allowance @ 400 p.m. only.
19. The society has paid ₹ 31,420 as taxi charges from Sabha and ₹ 36,840/-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.'
20. The society has paid ₹1,89,467/-. The expenses seem to be on higher side. Further, absence of gate entry, quotations, requisitions raise further question about authenticity of this expenditure.
21. Sehatpur Branch has paid ₹15,000/- on 7th June 2013 for lifting of malba in cash and paid ₹98,200/- to KS Construction for malba filing on 30th June 2013. This is unique kind of expenditure, which has been repeated. *It is tough to believe such expenditure.*
22. Amount recoverable from M/s bhatt Tour and Travels (₹1,04,653), 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.

-sd- with Round Stamp

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