



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 31.03.2015, and
 - ii. In the case of the Income & Expenditure Account, of the surplus of its during accounting year ending on 31.03.2015.

UDIN: 21086946AAAABX1004

Date: 19.09.2021
Place: New Delhi.

For Anil K. Gupta & Associates
Chartered Accountants

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

Our observations:

1. During this financial year ₹11,00,000 were received as Govt. aid for school building. *However, we were not provided with utilization certificate and conditions, if any, with which such grant was given.*
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.

The Sabha has paid ₹78,41,820 for purchase of land at Nangla, Gazipur, land (563 Gaj @12500 + Stamp Duty). ₹55,37,100 paid to Radhey Shyam and ₹15,00,400 paid to Raju Chauhan. There are no social surveys, market surveys, quotes of lands in nearby areas, no details of brokers. *In the absence of these information, we are unable to comment on process of purchase of land and we can't say anything about amount at which this was purchased. This is a very typical transaction wherein payment was being made these two vendors right from Jan,2014 and major part paid in April,14 and last payment to One Mr. Radhey Shyam was in Jun14. Registration of Land happened in Sept 2014. Society has paid ₹2,50,000 extra and tried to recover from one of the vendor, but his cheque bounced on presentation. Mr. Radhey Shyam paid ₹50,000 in cash in Feb15 and ₹2,00,000 was due for him as on 31st March 2015. Later on, in Jan 16 this due amount was also debited to Land Account, being not recovered. These transactions are a reflection of manner in which serious issues like purchase of land were handled.*

Sabha has paid ₹7,90,796/- Vipul Motors to procure two ambulances and also taken loan from bank to buy these vehicles. *There are no quotations, no market survey for make of vehicle etc.*

Society has paid ₹1,65,70,400/- 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. It seems that many works mentioned in vouchers are repeat of works done in earlier years.* There are few details available regarding requisition from schools regarding requirement of construction at various sites. More than one contractor seems to have been engaged and strangely, repair work was going on simultaneously with Building work. Since specific measurements/sq

feet of total work done are not available, it can't be ruled out that society might have paid twice or thrice for the same work. During this FY 2014-15 cash ₹3,53,000 was paid in cash. We doubt the genuineness of cash payment to a party, who was being paid through banking channels. *Very strangely, Society received ₹30,00,000 on 12.02.2015 and paid ₹45,00,000 to KS Construction on same day. During this year, main branch school seems to have been rebuilt. These transactions are very typical and are indicative of fishing transactions to shield some other transactions.*

The society paid ₹6,10,158 for repair of building to one M/s MR Construction Co., which seems to be repeated items like tile tracing, paint etc. One more item is that ₹17/- due from him were adjusted against another contractor M/s Rohit Aluminium and Glass Works.

One painter was paid ₹32,140 in cash and in other years through bank. Nature of expenditure was in per square feet on culture program and sometimes it was on buses.

The society paid ₹13,27,928 to M/s Rohit Aluminium and Glass Works and received back ₹3,00,000/- paid extra. *Strangely, society paid ₹5,00,000 on 12.02.2015, received back from Rohit ₹3,00,000 on 14.02.2015 and paid back ₹1,90,000 again on 20.02.2015. Further, M/s Rohit Aluminium was paid ₹1,57,100 in cash. How such a faithful vendor had to be paid in cash? These transactions raise doubt about nature and integrity of transaction entered. We are unable to form any opinion about these and similar transactions happening.*

During this year M/s Amichand Building material supplier was endowed with building contract of school at Mujeri. Bills of this party and KS Construction are overlapping. *In the absence of tender documents, running bills, maps, quotations etc. both process of building construction and amount spent thereon are doubtful.* A sum of ₹1,50,200/- by bank and ₹19,300 in cash after 15 days of and payment were paid to one Mr. Sat Prakash, whose details are not available for soil filling, as if this is not part of building contract. ₹50,000/- was paid to M/s Nagar Crane for electric poles and land filling. Land fillings doesn't have any measurement and land filling is costed as if, someone needs to dig a well before erecting electric pole. We can't comment on process and amount of expenditure.

Society has paid ₹3,41,742/- to Santosh Wood Works for wood works, furniture and fixtures, repair of building, repair of furniture and fixtures, repair of building. Similar works were undertaken by other contractors. There are no stock-in registers, no quotations, no job completion report, no requisition from schools. No rates have been fixed for these routine works. No policy decisions regarding when and from whom and at what rate has been mandated. Society is running seven (7) schools and these are routine expenses. Hence, nothing can be said or procedure adopted for calling for contractors, fixing rates, terms and conditions, verification of job done. In the absence of quotations and fixed rates, we can't comment on the amount of expenditure as well. ₹25,000/- in cash (out of total amount of ₹3,41,742) has been paid to this party 4 (four) days after completion of work. Similarly, ₹2,55,000/- was paid to one M/s Pioneer Display Systems and ₹2,79,900/- to Mr. Hari Lal Sinha. *Notably, Mr. Sinha seems to be related to Pioneer display system, since ₹26,200 were*

transferred from Pioneer to Hari all Sinha through journal entry for no reason. ₹2,97,200/- was paid to M/s Plus Associates for These works. There are many different rates charged by these parties for similar type of jobs and it is very complicated to check and compare rates in absence of proper information. ₹1,04,158 was paid/credited to M/s Dreams for Furniture and Fixtures.

Society has paid ₹98,000/- to M/s Anjali Enterprises for repairs like main gate and electricity, whereas the school was running very well and cultural program worth ₹10,00,000 had happened in the same school earlier to it. Similarly, Saurabh Enterprises was also paid ₹1,02,000 for same and similar charges. *In the absence of requisition, gate-in entry, job specifications and job completion card, budget approvals, this expenditure and their nature raises doubts whether these actually happened or not.*

Society has incurred ₹37,099 on mobile phones, usage of one is for MC ember. However, usage of two other mobiles is not clear. *There are no quotations, no comparative analysis, no requisitions from schools, no gate-in entry and fixed assets register.*

Society paid ₹46,120 to Uttaranchal Studio for Student I Cards and paid ₹46,120 by cheque. This firm was paid ₹55,000 in cash ₹55,000/- for photos of culture program of ₹10,00,000.

Society has paid ₹30,84,207/- to M/s Shree Motors Pvt Ltd and others to buy two (2) buses. 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 ₹2,89,900/- to M/s Angel Computers and ₹ 61,313/- on purchase of computers. ₹49,863/- were paid in cash for printers, whereas it is believed that all dealers in computers also deal in printers. One printer was purchased for ₹6,315 from M/s Sunrise and for ₹6,390/- in cash. There are no quotations, price surveys, no gate-in entries, Requisitions from schools, cost estimates etc. *Hence, we cannot comment of process and amount of purchase of computers.*

Sabha has paid ₹1,25,024/- for fans from M/s D.S. Egg and Traders. ₹14141 paid to M/s Nahata Electricals for fans. ₹1,02,424/- was paid to M/s Gupta Electric Store for fans and coolers. ₹10,300 were paid in cash to by fans. Similar materials were purchased from many suppliers. There are no stock-in registers, no quotations, no class rooms description of installations and no job completion report, no requisition from schools. No rates have been fixed for these routine works. No policy decisions regarding when and from whom and at what rate has been mandated. Society is running seven (7) schools and these are routine expenses. Hence, nothing can be said or procedure adopted for calling for suppliers, fixing rates, terms and conditions, verification of location of fixing fans. In the absence of quotations and fixed rates, we can't comment on the amount of expenditure as well. *In the absence of quotations, requisitions, gate in entry, we are not able to comment on process and amount of purchases.*

Society has paid ₹22,000/- in cash for Library Books supposedly for CBSE IT from one Mohit Publishers. Quotations from suppliers, gate-in entry, no entry in Assets Register and Library books records etc. were not made available. Hence, we can't comment on process nor on amount of expense.

Society has paid ₹1,04,164/- to one M/s United Refrigeration Electric Work for two (2) Water Coolers. There are no quotations, warranty and guarantee clauses, no gate-in entries and it is not clear where all these water coolers purchased so far are installed. The society has purchase two (2) water coolers in cash also for ₹18,000/-. The same doubts are there with these coolers also.

Society paid ₹5,32,592 for FY 2014-15 as compared to ₹3,71,252 during FY 2013-14 for generator charges to M/s Keshav generators. The rent for Jun 14 (vacation month) is also same as that of other months. *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.*

Society paid ₹1,00,000 for hiring 25 buses for undefined cultural program in Nov 14. ₹23,100 were spent on buses for attending rallies. *We don't know how these tours achieved aims and objects of Garhwal Society.*

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

Society has paid ₹40,000/- in cash on various dates 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.

Society seems to have taken loans from three parties of one Aneja family of ₹26,90,000 in Nov. 2014 and paid back in Mar 2015. The purpose, interest paid, security given etc. are not there. Whether any assets of society were involved or not? Society was not in need of funds during this period. In fact, society seems to spent approx. ₹10,00,000 or more on one cultural function. This amount was transferred to SBH and kept in FDR. During these loan receipt and payments some more payments happened, which are beyond logic and reasoning with bank accounts of Garhwal Sabha, KS Constructions, Amichand etc.

Sabha has taken loan from bank against its lands and properties of ₹1,25,00,000/- plus processing fees of ₹1,87,250/- processing fees. The society has kept ₹50,00,000 in Fixed Deposit with the same bank. We couldn't check sanction letter, but with the transaction happening during February 2015, there seems to have been fishy transactions during and after disbursal of loan.

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, 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.

a) Mr. PS Bagri received ₹30,000 in cash in Oct,14 and paid back ₹30,000/- in Mar, 15.

b) Mr. Rakes Ghildiyal has taken ₹1,79,750 in cash during thorough out the year and kept on repaying amount in cash to society. *Strangely, he debited society with repair of personal vehicle for 33,270/-. It is worthy to mention here that society paid ₹4,08,000 in cash as conveyance allowance to MC members.*

c) Mr. Satish Rawat was paid ₹87,250/- in cash. He submitted cash vouchers of ₹84,750/- including ₹54,000 in cash for undefined advertisement of 'Pankaj Singh'. He incurred for leg changing for ₹26,500/- in cash of some undefined benches. d) Mr. Vinod Nautical has been debited with balance amount recoverable from

Vaibhav Printers for sale of copies and registers. Cheque issued by Mr. Vinod returned unpaid.

- e) Mr. Yogesh Budakoti was paid cash ₹39,000/- in Apr 14 out of which he arranged window repairing job and submitted bill of ₹36,540/- in May 14. He received ₹11,000/- in cash again and paid ₹13,460 in cash to square off his account. Mr. Yogesh Budakoti received ₹3,50,000 in cash in Aug,14 and tried to return ₹3,50,000 through cheque in Oct,14 but cheque was returned due to insufficient balance in account and he was due to pay ₹3,50,000 to Society as on 31st March 2015.

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) ₹ 1,90,50,827.93 have been spent in cash in Main School
b) ₹ 12,65,549 in books of Sabha.
c) ₹ 2,21,350 in books of SGM branch
d) ₹ 4,00,025 in books of Dabua branch
e) ₹ 3,97,600 in books of JC branch
f) ₹ 6,93,247 books of SP branch

10. The society has paid ₹3,00,000- to one M/s Vaibhav Printers for copies and registers in march,2014. Later on, during FY14-15 received back ₹1,99,340 from this party. This party has been credited with sale of copies and registers. *It seems that society was engaged in selling copies and registers of this party possibly to school students for no gain to schools and at risk and reward to Vaibhav Printers. There are dues from Mr. Vinod Nautiyal also regarding sale of copies and registers.*
11. The society has paid ₹5,37,380/- 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 ₹8,18,145 for cultural program out of which ₹195,055 in cash including ₹1,00,000 and ₹40,000 for dance and song party in the books of sabha. ₹2,84,559 for cultural program expense in cash and notably amongst them is ₹1,54,000 for republic day celebrations of one school. Thus,

₹11,02,704 were spent for cultural program, wherein, very interestingly, expenditure is on both buses as well as on tent house. This amount was ₹1,03,695 in FY 2013-14 and ₹1,28,228 in FY 2012-13. *Hence, we doubt this expenditure in comparison and more so, without budget, without quotations, without budget approvals and sanctions.*

13. The society paid ₹15,000 towards loan processing fees, which was not required and for which processing fees was paid to banker also. ₹1,20,000 was paid to Advocate Chander Kala @10000 p.m. Is this expenditure for all cases of Sabha? *In the absence of budget, requisition, competition, quotation etc. we are unable to comment on this expenditure.*
14. M/s Pearson Education services Pvt Ltd was paid ₹10,80,000 for smart class expenses. This firm was paid ₹21,60,000/- during FY 13-14 also. There is no market survey, cost benefit reports, no quotations, no records of number of students benefitted. *In the absence of these, we are unable to comment on these huge expenses.*
15. Advertisement expenses of ₹4,70,141 in school books and ₹11,000 in Sabha books were without any quotation, any estimate, press coverage analysis. Similarly, Sabha paid ₹8,500 in cash and school paid ₹1,90,410 in cash for these expenses. *Hence, we are unable to form an opinion about these expenses.*
16. The society has paid ₹ 4,90,500 towards faculty expenses to Mr. Vijay Laxmi Dabral and ₹1,63,500/- to Mr. Brijesh. No TDS seems to have been deducted. There is no mention of status, functions, and also benefits to schools and society. Similarly, the society as paid ₹16,500 from school including two mobiles' phones and ₹40,049/- as 'gift and presentations' purely for marriage functions. *We can't comment on this expenditure in absence of relevant information.*
17. The society has paid ₹ 2,06,081/- on 143 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. ₹4,42,575/- were paid for social welfare expense, but all 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 ₹ 4,08,000 to some of the MC members from school as conveyance allowance and MC members have charges and collected ₹1,44,000 from school as telephone allowance. and Sabha paid ₹86,500/- to MC members for conveyance expenses including taxi to distant places ₹ 41,900 whereas minutes suggested that all the advisors and office bearers should be paid such allowance @ 400 p.m. only.
19. The society has paid ₹ 41,900 as taxi charges from Sabha It is not clear how these visits served the purposes of advancement of objects of society 'Garhwal Sabha.'
20. Amount recoverable from M/s Bhatt Tour and Travels (₹44,653), only ₹60,000/- received in FY 2014-15. M/s Bhatt Tour and Travels M/s Nexus Events (₹2,80,000) and Mr. Radhey

Shyam ₹2,00,000/- pending to be recovered. During FY 2014-15, ₹60,000/- were advanced to one Mr. Ganesh Negi in cash and against cheque, which was bounced on presentation. How society can give loan of more than 60,000/- in cash? This society is not a thrift and credit society? This is gross misuse of funds 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: 19.09.2021
Place: New Delhi.

-sd- with Round Stamp

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