



Dated: 21/10/2016

To,

The Members,

Sandeep Vihar (AWHO) Welfare & Housing Society,
GHS-79, Sector-20, Panchkula.

Sub: Regarding the investigation of the funds of the society.

In respect to our appointment dated 15/12/2014 for investigation of affair of society and examine the funds of the society. For the above said purpose, we have scrutinised the books of accounts and found some discrepancies which were duly sent to you in our observation on 27/01/2015. Further, no such reply upon our observation has been received from the management to finalise our report. We further request you to provide following information and explanation:-

- 1) We have noticed that the society doesn't maintain the Fixed Assets Register; therefore we are unable to physically verify the fixed assets with the actual assets purchased. For this verification we are submitting the list of the assets purchased as we found in our verification (as per annexure A). You are requested to give the physical report duly certified by the management.

You are also advised that society must maintain the Fixed Assets Register and all the assets must be physically verified periodically & any shortage or item lost must be written off in the books of accounts to give true & fair view of the assets of the society.

- You are also requested to give the status of the Fixed Assets i.e. Fire Fighting Equipments & CCTV Camera, whether these are under working condition & fulfil the minimum fire & security norms which are essential to be maintained by the housing societies.
- The society has one Computer and a printer as per the records. Please provide the present working status of these assets. And detail that is there any requirement to write off any of these assets or any other old equipment.

➤ We have also noticed that the society has paid Rs.1,15,000/- to the contractor of Bore well as on 31.03.2010 but the work relating to bore well has not been completed. Give the copy of the contract note, bill etc. Also give details of the actions taken by the management against the contractor to recover the money from the said contractor or to get the work completed from him.

2) Whether your society is maintaining the member's register showing the details of half yearly Society Charges received from members, allocation of the yearly expenditure, available balance with the society and the amount recoverable from the members of the society. However on scrutinising the books of accounts we noticed that the society charges received by the society are not in similarity in each financial year. It may be said that there is less recovery of the charges than the actual amount in some financial years, but no such recoverable/dues are been reflected in the books of accounts of the society. The books are being maintained on the cash basis only instead of Accrual basis. The year wise detail of the society charges received by the society is given as under-

<u>Financial Year</u>	<u>Society Charges to be received from 556 members</u>		<u>Society Charges actually received</u>
2008-09	3336000	(556*6000)	1212375
2009-10	6672000	(556*12000)	6843668
2010-11	6672000	(556*12000)	8181900
2011-12	8340000	(556*15000)	8548360
2012-13	8340000	(556*15000)	8193965
2013-14	8340000	(556*15000)	8536936
2014-15	8340000	(556*15000)	8402350
	50040000		49919554

The overall short fall in recovery of Society Charges Rs. 1,20,446/- upto 31/03/2015, whereas recoverable shown in the books 1,30,920/- in the account books. Please provide the yearly detail of members to reconcile with the books of account with balances shown as recoverable Rs. 1,30,920/- as well as advance from members Rs. 31,10,800/- shown in the books as on 31/03/2015.

3) Whether the society is maintaining the Security register showing the tenant wise detail of security received or refunded & balance as on the closure

of the year. Also give details of the security lying with the society for more than 3 years or before 01/04/2011 & state the reason of unclaimed securities of the tenant who have left the society.

4) On verification of the incomes we noticed that there are miscellaneous income that are being earned by the society like Banquet Hall charges, Lift charges, gate pass charges, etc., whether proper record of such income is being maintained by the society or not. Also provide the details of the tenants, their rent agreements etc. to examine the contract of annual increase etc. Year wise detail of the rent is given as under:-

YEAR	2010-11	2011-12	2012-13	2013-14	2014-15
Rent Received	2,28,000/-	2,44,725/-	3,93,200/-	4,68,621/-	11,49,650/-

5) During our verification we have also observed that society is not showing the sale proceed of the waste like engine oil/diesel oil, scrap of old machinery etc. Please give appropriate reason that why the sale proceeds have not been booked in the books of accounts.

6) During our verification we also found that some expenditure incurred for white wash, safety wiring in the society, water supply modification, purchase of water line, development of sports ground etc. which were actually paid as advance and we have doubt that work has not completed. Please provide contract, final bills and approval of payment along with status of work completed. The detail of expenditure incurred by the society is attached under ledger account.

7). We have also noticed that your society has charged transfer fee of Rs. 20000/- per member. Please provide the year-wise detail of member transfer, so that we should reconcile the transfer fee deposited in the bank of the society.

8). During financial year 2010-11, society has given advance for borewell Rs. Rs. 5,00,000/- on 21/12/2010 and subsequently made payments Rs. 7,88,000/- on 06/01/2011 and Rs. 248,570/- on 27/01/2011. You are requested to produce copy of contract agreement, bills of bore well material, approval of payments, and work completion approval with copy of final bill for our satisfaction.

9) During the financial year 2011-12, the society has received grant Rs. 2,00,000/- on 29/04/2011 from Head Quarter, Chandimandir for incurred the expenditure on Guest Room. Whereas the said amount has been withdrawn by cash Rs. 2,00,000/- on 14/05/2011 for the said purpose and shown as furnishing expenses in the books of account. Please provide the bills of expenditure incurred, contractor's agreement etc. To justify the expenses incurred on Guest house.

You are requested to provide the above said information & explanation, so that we should be able to complete our investigation report at earliest.

**For ASHOK DAHRA & ASSOCIATES
CHARTERED ACCOUNTANTS**


(ASHOK DAHRA)
Prop.
M N. 089164



⇒ Copy of Annexure 'A' regarding fixed asset and other observations are attached herewith.