

Bank Acct And Acct Book

1. Cash to bank entries are not being reflected in the acct book. This system may lead to misuse/malpractice as acct book and pass book get connected/ tallied only at the end of the month after closing of acct. It would be more pragmatic and accountable to:-
 - (a) Lay down cash in hand to be maintained in the office.
 - (b) All cash more than the limit be deposited in the bank and its entry be made in the acct book.
2. The society has three bank accts in three different banks, namely, Bank of India, HDFC & IDBI.

(a) **Present Status**

- (i) IDBI is currently the main account
- (ii) The balance amount in the BOI account in the month of Apr to Jun 2015 & ^m ~~May~~ ^a part of Jul 2015 has been taken into account in the acct book only in Jul 2015. This shows that no body was aware that there was society money in this account for good about three months plus.

- (iii) It was only in the end of Jul 2015 that the amount in this account has been brought into the acct book. The balance in this account was as under:-

(aa)	Apr 2015	-	Rs 7806/-
(ab)	May 2015	-	Rs 15612/-
(ac)	Jun 2015	-	Rs 15582/-
(ad)	Jul 2015	-	Rs 33588/-

- (b) Very large amounts are being maintained in the accts in the bank and thus society is loosing large amount of interest on these. The balance from Apr 2015 to Jul 2015 was as under :-

(i)	Apr 2015	-	Rs 25 to 32 lakh
(ii)	May 2015	-	Rs 33 to 22 lakh
(iv)	Jun 2015	-	Rs 22 to 14 lakh
(v)	Jul 2015	-	Rs 15 to 35 lakh

(c) **Recommendations :-**

- (i) Have only one account & close the other two accounts
- (ii) Convert current acct to saving account to ensure at least some interest on the balance.
- (iii) Lay down a limit for balance to be maintained in the saving account and invest excess money in FDs of suitable duration to earn more interest for the society.
- (iv) FDs investment needs special focus in the month of Mar & Sep when society charges are received from members.

3. When FDs are made, the amount is debited and removed from the account book. These are shown as summary at the end of monthly accounts. 23
4. Property items purchased/assets created need to be shown in the acct book separately and need to be taken on ledger charge. No property /assets ledger has been produced.
5. Bye laws 20, 22,426 lay down financial powers. These are not being followed in some cases and no record of financial powers utilized by the various appt is being maintained. Details of some PVs which are beyond the financial powers are as under :-

Ser No	PV No	No of Bill/Voucher	Amount	Remarks
(a)	33	12	44758.00	(i) Approved by President
(b)	46	16	36585.00	(ii) Beyond Rs 25000/- hence approval of Management committee is reqd for all such cases.
(c)	83	10	31250.00	
(d)	113	14	35600.00	

6. **Card Room**

A total of Rs 1,81,749/- has been incurred on the card room. This has been done by splitting the work & not holistically. Details of expenditure are as under:

(a)	PV-05	Rs 30000/-	Adv for furniture
(b)	PV-20	Rs 47950/-	AC
(c)	PV-22	Rs 17798/-	Curtain etc
(d)	PV-28	Rs 27120/-	Chairs
(e)	PV-33/4	Rs 3000/-	Door
(f)	PV-44	Rs 54381/-	Balance for furniture
(g)	PV-46/2	Rs 1500/-	Door fitting

7. Approval of management committee & ~~satisfaction by~~ GBM be produced. Q

Lifts

8. AMC for the lifts was entered into with M/S VE Lifts Pvt Ltd on 03 Sep 2013 for the pd 03 Sep 2013 to 31 Aug 2014 for an amount of Rs 1,13,100 pm.

- (a) As per Para 3 of the contract :-
- (i) The firm is responsible for repairs & maintenance.
 - (ii) The firm has to carry out quarterly safety checks and maintenance and maintain records for these.
 - (iii) Seven lifts have been listed out for extensive repairs.
 - (iv) Certain common deficiencies have been mentioned.

(b) **Objections**

- (i) The firm has charged extra amount for repairs in addition to the AMC. This is contrary to para 3 of the contract. Details of repairs & cost have not been ~~maintained~~ in the bills.

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- (ii) Quarterly records of safety checks and maintenance carried out have not been produced.
- (iii) There is no contract deed after Aug 2014 but the same firm is maintaining lifts and being paid.

(Handwritten signature/initials)

9. Expenditure on the lifts is as under :-

Ser No	Month	PV No	AMC	Repairs	Total
(a)	Apr 2015	8, 9 & 31	123821.00	136180.00	260001.00
(b)	May 2015	38, 54, 61 & 62	124537.00	118448.00	242983.00
(c)	Jun 2015	66, 72 & 84	124537.00	170000.00	294637.00
(d)	Jul 2015	98, 103, 104 & 112	123763.00	95600.00	219363.00
		Total	496658.00	520228.00	1016886.00

10. **Recommendation**

- (a) Contract be renewed/re-negotiated and repairs incl/not incl must be specified in the contract.
- (b) Records of maintenance, checks and repairs carried out must be maintained for every lift.

Electricity Expenditure

11. Details of expenditure from Apr 2015 to Mar 2016 are as under :-

Ser No	Months	PV No	Units	Amount	Remarks
(a)	Apr 2015	19	33100	250567.00	
(b)	May 2015	54	35425	268167.00	
(c)	Jun 2015	85	45330	343148.00	Increase by 32000/ from Apr 2015 <i>(Handwritten mark)</i>
(d)	Jul 2015	111	39930	302270.00	
(e)	Aug 2015			367635.00	
(f)	Sep 2015			467162.00	
(g)	Oct 2015			362947.00	
(h)	Nov 2015			211612.00	
(j)	Dec 2015			282201.00	
(k)	Jan 2016			302766.00	
(l)	Feb 2016			285190.00	
(m)	Mar 2016			278897.00	

12. **Diesel Expenditure: Apr to Jul 2015**

Ser No	Months	PV No	Qty	Amount
(a)	Apr 2015	7 & 29	800 Ltr	38408.00
(b)	May 2015			
(c)	Jun 2015	73 & 75	800 Ltr	41398.00
(d)	Jul	102 & 109	800 Ltr	40249.00
				120100,00

13. Receipt of elec charges from various shops, from Apr to Jul 2015 was as under :-

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(a)	Apr 2015	-	Rs 12661.00
(b)	May 2015	-	Rs 17865.00
(c)	Jun 2015	-	Rs 15397.00
(d)	Jul 2015	-	Rs 12718.00
	Total Rs	-	Rs 58641.00

14. **Observations**

- (a) There has been abnormally high electricity consumption/bills in some months. The electricity consumption for common areas needs to be gone into & reasons ascertained.
- (b) Concerted efforts be made to decrease the electricity consumption/bills.
- (c) Electricity meters be installed in banquet hall, AWHO Office, all places where commercial/private usage of facility is provided and charged accordingly.

15. **Misc**

Mostly the contracts of shops/other service have not been renewed. Needs to be done on regular basis.

16. Following docs/ledgers which are not available/produced/not maintained need to be made on priority:-

- (a) Property Ledger
- (b) Repairs record register for:-
- (i) Lifts
- (ii) Generators, transformers & motors.
- (c) Shops elect meters reading records register.
- (d) Common electricity usage meter reading records register
- (e) Financial powers utilized record register
- (f) Fire fighting eqpt register.

17. A significant number of members have not paid society charges. Some glaring examples which need to be resolved earliest are as under.

- (a) Lt Col H S Oberai Since Oct 2015 (D2/701)
- (b) Lt Col AR Singhani since May 2014 (D3/104)
- (c) Major Dimple Singla since 2008 (D5/604)
- (d) Col MIS Chouhan since Jan 2016 (E14/304)
- (e) Sub Raj Kumar since Jan 2016 (U1/203)
- (f) Lt Col Sharad Saran since Jan 2016 (U2/701)

18. The acct heading of the two CA audit reports are different from each other and are also different from the accts book. They need to be refined to ensure the headings of CA audit and accts book are as close to each other as possible. All heads should come out clearly in both and must incl details of Corpus, Property, FDs etc.

19. IT returns for the Society funds have not been filed from the beginning. This needs to be explained and resolved earliest to avoid heavy penalties from the IT authorities.

20. The society charges taken from members need to be matched and quantified as per various headings under which these are being spent and given out in various meetings.

21. **GBMs**

The agenda points of the GBMs must be discussed fully to the satisfaction of the Collegium and if required the GBM be spread over 2 to 3 days. The Bye laws need to be amended accordingly.

22. **Aug 2015**

(a) PV-135 - Specification of work has not been given, whereas work was carried.

(b) Installation of Elect meter for shopping complex and actual consumption if possible be charged to them.

(c) Emp of security staff tendering has not been done.

(d) AMC bills of lifts are without TIN Number/PAN Numbers where as service tax and vat have been paid to dealer.

23. **Sep 2015**

(a) PV-163 - PAN and TIN numbers have not been mentioned whereas service tax and VAT have been paid.

b) Blank

(c) PV-158 Shown welding work but in documents it shown slabs work.

(d) PV-153, PV-151 No TIN Nos have been mentioned in the bills.

24. **Oct 2015**

PV-184 - No minutes/sanction of the work expenditure. This is to be regularized.

Renovation of Banquet Hall

25. Renovation has been hanging fire for quite some time. Ultimately, the project got through in Dec 2015. The observations are as under:-

(a) For any project of such nature, margin of 10 to 15% is always kept by the firm in its quotation for negotiations. In the present case, one of the member (Shri AS Negi) of board has in fact commented also for negotiations even in case of lowest bidder. The BOO could have reduced the cost even for the lowest bidder by about Rs 20,000/- instead for just Rs 1000/= only by adopting wait and watch policy. It appeared that Management was in a hurry to place order. The Quotations were opened on 29 Dec 2015 and order was placed on 29/31 Dec 2015 on the firm by Presiding Officer/Project Officer on behalf of the President. The order, however, was perused by President on 01 Jan 2016. The final bidder's samples should have been sealed and kept for futures reference, which was not done.

(b) On 22 Jan 2016, Shri A S Negi wrote to the President Management Committee pointing out that work is not being executed as per specification given in the Quotations by the selected contractor and requested the president to direct the contractor to remove sub standard material from site and provide the material as per the quotation given by the contractor. 29

26. This letter appears to have not been taken cognizance of and final payment made to the contractor.

Audit board has the following suggestion to make:-

- (a) Observe proper procedure as laid down in Bye-Laws/SOPs.
- (b) Inspection of the work is required to be done by a separate set of officers and payment should only be made once this inspecting BOOs gives the clearance. This way, we will have transparency.
- (c) Order for execution of the work to be signed by the president.

Painting and white washing of assets

27. Audit boards observations :-

- (a) Negotiation even for lowest bidder has not been found.
- (b) Job order was placed on 22 Nov 2015. Completion date was 31 Jan 2016. The job is not completed as on date.
- (c) Quality of work done has been found to be unsatisfactory at various places including painting work. As per the clause of the Job order dtd 22 Nov 2015, Contractor is supposed to redo the work at affected areas. This has not started as yet.
- (d) Monitoring of work progress has found to be wanting. This job could have been assigned to block representatives for the areas of their blocks as well as boundary wall next to their representative blocks. Payment should have been made based upon clearance given by respective block representatives. Incidentally a sum of Rs 3,50,000/- has already been paid to the contractor and job is yet to be completed /redone. It is suggested that block representatives should be involved to have better transparency.

28 **Relaying of electrical wiring**

- (a) The project started in the year 2013 on voluntary basis. A sum of Rs 4,90,800/- was collected and expended also. Block wise details are given in the accounts file maintained separately.

As on today, a total sum of Rs 11400 is to be collected from 12 Flats. Since the job was not done in respect of Thrifty block, a sum of Rs 1000/- each was collected from two owners.


- (b) The point have been discussed at least 4 times in Management Committee Meeting and closed. Also the same point has been discussed in the Collegium also at least on two occasions and closed.

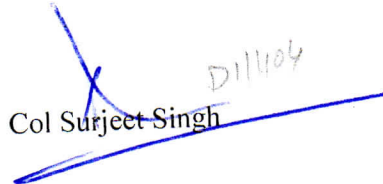
The board recommends the following:-

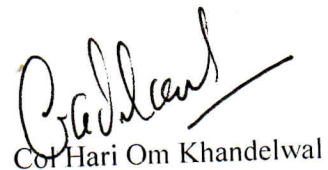
- (i) Money taken from Thrifty owners to be returned as per laid down procedure by the society.
- (ii) Management Committee should recover the amount outstanding as on date and disposal instructions be obtained from the Collegium in the following meeting.
- (iii) Since, the point has been cropping up again and again, in spite of the fact that is was closed at least 4 times in MC meeting and 2 times in Collegium meeting, the point needs to be put up in the forth coming meeting of collegium and based on the decision taken by the Collegium, further course of action be taken. If need be, let there be ballot voting and not by raising of hands.

29. The board wishes to draw attention of the collegiums/MC to the following points.

- (a) Fire Fighting Equipment--Action needs to be taken not only to get the cyls refilled but also to train members of the society including ladies regarding its usage. Security staff needs to be trained also. Tele Nos/Mob Nos of fire fighting agencies be displayed at various places.
- (b) There has been no prompt handing/taking over at the time of change of command of MC. Bye-Laws need to be amended and implemented in this regard.
- (c) Rent of Clinics needs to be revised upward. It is also suggested that the charges be worked out on Royalty Basis.
- (d) Almost all GB/collegium meetings have ended in FIASKO only in the past. Bye Laws need to be amended on priority by collegium to arrest such happenings by penalizing the trouble creators there and then. Provision should also be made that all persons having common points of interest be heard patiently by all members.
- (e) Documents have been found to be missing from office files. A case in point is Internal Audit Report by Brig Sarjit Singh. Corrective measures need to be incorporated and bye laws to be amended accordingly by Collegium in the forth coming meeting.


Brig KC SOOD


Col Surjeet Singh


Col Hari Om Khandelwal

Dated 16 Sep 2016

(16 Sep 2016)

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