

**PROCEEDINGS OF A BOARD OF OFFICERS FOR FOLLOW UP ACTION ON THE OBSERVATIONS IN THE
AUDIT REPORT FY 2017-18 REGARDING "PURCHASE OF CCTV CAMERAS"**

A board composed of undersigned officer having assembled pursuant to the Convening Order dated 26 Oct 2018 issued by President, Sandeep Vihar (AWHO) Welfare And Maintenance Society, GH 79, Sector 20, Panchkula proceeded to examine the subject Audit Board Proceedings, relevant documents and other evidence on record.

The observations, findings and the recommendations the board of officers are attached to these proceedings.

Col Parveen Ahluwalia (Retd)
(D1/501)

Presiding Officer:

Col Amin Chand (Retd)
(E12/103)

Member

Col K S Bajwa (Retd)
(D1/203)

Member

Dated : 22 Mar 2019

Place : Panchkula

BOARD OF OFFICERS FOR FOLLOW UP ACTION ON THE OBSERVATIONS IN THE AUDIT REPORT
FY 2017-18 REGARDING "PURCHASE OF CCTV CAMERAS"

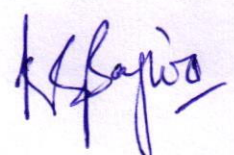
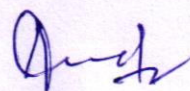
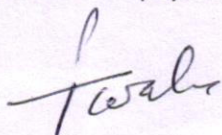
1. **Audit Report for FY 2017-18** had essentially raised the following observations with regard to execution of the project for installation of CCTV Cameras :

- a) A **total expenditure** of Rs 5,73,500/- has been incurred on the installation of the CCTV cameras and an amount of Rs 6500/- was paid in excess and in advance i.e. a total payment of Rs 5,58,000/- was paid to the vendor between 13th Dec 2016 and 12th Feb 2017 vis-a-vis a total expense of Rs 5,73,500/-.
- b) **Quotations** from only three dealers had been called for, whereas, the same for large expenditures must be called for in the form of open quotations preferably through newspaper ads or publications on Tender websites as per the policies & procedures for the Society.
- c) No **verification** has been done of the goods used by any official of the Society and seems to have been based on the hand written slip submitted by the vendor's mechanic. This could have resulted in overbilling for stores and installation of items of lower specifications than quoted.
- d) **Additional items** such as, Junction Box, HDMI Cable, USB Cables, have been purchased which were not in the quotations obtained and rates of these seem to be excessive.
- e) **TV monitor** of larger size/capacity (40 inch) has been installed for which the selected vendor had not given any quote initially.
- f) The screening committee/board of officers recommendation that the 'Agreeable Response Time' and 'Assurance towards monthly visits by the vendor' as a part of the **periodic maintenance** also seems not to have been complied with? No warranty or understanding regarding maintenance could be produced.

2. The subject Board of Officers has been mandated to critically examine the evidence on record aimed at regularising the irregularities observed by the Audit Report FY 2017-18 by the GBM to settle these observations and also to recommend action, if any, that needs to be taken on the observed irregularities.

3. **Findings of the Board of Officers** The Board of Officers earmarked, critically examined the documents and evidence on record and made the following findings :

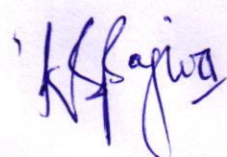
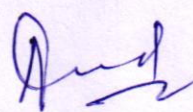
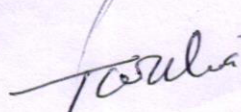
- a) **Total Expenditure** : As per the Job Order issued by the then President Col S K Chauhan (Retd), an exact/ total expense to be incurred for the work has not been defined. However, a work progress based payment schedule was defined i.e. 1st Payment of Rs 1.25 lakh was to be made on the delivery of wire/related materials, 2nd payment of Rs 2 lakh was to be made on delivery of cameras and the 3rd/Final Payment of balance outstanding was to be made on completion of the work. Contrary to the mandated payment schedule and the laid down SOP on the subject held in the Society Office i.e. "**Standard Terms Of Reference For Concurrent/Internal Audit Of Society Accounts - Sandeep Vihar, GHS-79, Sector 20, Panchkula (Para 6 (d) (iv))**", five payments were made to the vendor without assuring the designated progress of work and were based purely on the **requests made by the vendor totally ignoring/certifying the progress of work on ground** i.e. Rs 1.25 lakh on 13th Dec 2016, Rs 0.6 lakh on 31st Dec 2016, Rs 2 lakh on 13 Jan 2017, Rs 1.25 lakh on 23th Jan 2017 and the fifth payment of Rs 0.7 lakh on 12 Feb 2017, thereby making it a payment of a total



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of RS 5.8 lakhs (**Rs 6500/- in excess of the total expense claimed and later refunded by the vendor through a cheque dated 15 Jul 2017**). **The observation of the Audit Report FY 2017-18 in this regard thus stand duly validated.**

- b) **Quotations:** Procedurally, as per Para 6 (d) (iii) of SOP on the subject quoted in Para 3 (a) above, correct tendering procedure has not been followed. As observed by the auditors, for a large tender with ceiling monetary limit beyond Rs 50,000/- a procedure entailing advertisement in News Papers or e-tender is mandated. Contrary to this, subject board resorted to calling of three quotations, only? A scrutiny of the three Quotations received reveals that the Cat B, D-link Cable (Armour External) @ Rs 42/- per metre has been chosen from the offered cables for its strength for deployment. However, no effort has been made to verify a comparative rate of this item (Armoured External Cable) thus resulting in an 'apple to pear' comparison being made rather than a pragmatic 'apple to apple' comparison. The purchase was thus made at a **much inflated price** and resulted in wasteful expenditure of Society money. Subsequently, for the expansion work, purchases of similar cable at far lesser rates has been made and used successfully, thereby proving the point. **The observation of the Audit Report in this regard thus stand validated.**
- c) **No Verification :** Vide the Convening Order dated 12 Nov 2016, the Board of Officers earmarked to execute the work was also made responsible to Supervise the installation work - this aspect has been singularly glossed over by the Board of Officers and No supervision/verification of stocks received has been made. No record of receipt of items verified as having been approved and certified as being of the required specifications, by any of the Board members or the Society Supervisory staff is available for scrutiny. **The observation of the Audit Report in this regard thus also stand validated.**
- d) **Additional Items & TV Monitor 40 Inch :** Items identified in the Audit Report neither find a mention in the Quotes of the Vendor nor in the Comparative Statement. However, keeping the large scope of the work in mind, these should have been added subsequently in a comparative manner rather than a direct purchase from the Vendor at his inflated rates. Switches, 22 Nos. have been charged for without a record of these either being costly 8-port one's or being of cheaper 4-port variety? A 40 Inch TV monitor has been installed by the vendor at his demanded price, on a non comparative basis, against a quote having been given for a 32 Inch TV monitor, only . **The observations of the Audit Report in this regard thus stands validated.**
- e) **Periodic Maintenance :** This aspect of the work is the most glaring oversight. No regard, what so ever, has been given/ensured for the aspects of **After Sale Service/Periodic Maintenance /the 'Agreeable Response Time' and 'Assurance towards monthly visits by the vendor'** , despite these finding a mention in the report of the Screening Committee/Board of Officers, as also, in the mandate of the Convening Authority. No provision was made in the work to ensure any accountability of the vendor towards post sale Service/Periodic Maintenance/ Warranty/Guarantees of any sort thus depriving the Society of its rightful due. Careless excess payments made unrelated to progress of work on ground, inadequate supervision of work, non-monitoring of quality of stores provided/brought into the Society, not taking the stores on the society property records and permitting the vendor to do as he pleased at the base level has even deprived the Society of option of withholding payments to the Vendor - to ensure his long term accountability. Sadly, the Management then was relegated to a role of being a puppet in the hands of the



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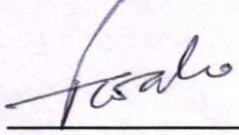
vendor, with no tangible lien over him. **The observation of the Audit Report in this regard thus stands amply validated.**

4. Additional Observations/Findings of The Board of Officers : The following additional observations are made by the subject Board of Officers :

- a) It is evident that the work of Installation of CCTV cameras proceeded in a very care less manner at its execution stage. A free rope was given to the vendor and excess payments made to him, contrary to the terms of the Job Order issued on the subject and the SOP - most callously and without any meaningful supervision. So much so, that the Vendor was asked to provide the Final Bills for the expenses only in **Jun 2017**, when a change of management mandated by the Registrar of Societies came as a major surprise to the management then. **As a fait accompli, the post dated bills were obtained in a hurry for the work that should have been completed by 31st Jan 2017 as per the Job Order, was shoddily concluded, only in Jun/ Jul 2017.**
- b) Also, no record of a '**Price Negotiation Committee**' as had been recommended by the steering committee/ board of officers could be placed on record?
- c) A final Noting on Job Order For Installation of CCTV Cameras : Payment dated 16 Jun 2017 initiated by the Presiding Officer and approved by the General Secretary & the President (then) are available on record. **The date 16 Jun 2017, being days after the tenure of management then, was over. The subject Noting is evidently dubious and not in order. The same though dated 16 Jun 2017 is pre-dated, as it contains a reference of a future Refund Cheque of excess amount of Rs 6500/- paid by the vendor, bearing machine No. 026940 dated 15 Jul 2017 - a date almost a month later.**
- d) Even the **Steering Committee** guideline on a 'security deposit' and the routine procedural rule of cutting of TDS, were flouted.

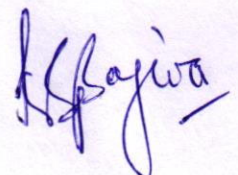
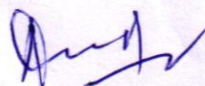
5. Recommendations of the Board of Officers : To avoid recurrence of such negligence, resulting in loss and embarrassment to the Society, the board of officers recommends the following:

- a) Proper SOPs be worked out, related to the estimated cost of expenditure envisaged and formalised.
- b) Observations, findings and recommendations of this Board of Officers be put up before the august Governing Body of the Society in the next GBM to consider, discuss and ratify these.
- c) Action be initiated to settle the Observations of the Audit Report FY 2017-18 based on the recommendations of this board and the decision of the Governing Body.
- d) A Fixed Asset Register/Property Register be immediately opened.
- e) Previous Management in Chair then, the Board of Officer in question and the concerned supervisory staff be apprised of the be lapses and action as deemed fit, if any, be initiated.

Col Parveen Ahluwalia (Retd) 

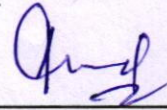
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Presiding Officer

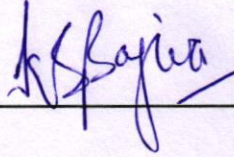


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Dated : 22 Mar 2019
Place : Panchkula

