

OBSERVATIONS OF INTERNAL AUDIT BOARD

1. Maintenance of Accounts.

(a) Accounts are properly maintained. Entries of bank and cash balances are correctly maintained and tallied. FD receipts are tallied

(b) The accounts are maintained on computer and print out of the same is then pasted on the Account Ledger. While the entries are tallied on the computer, it will be advisable to initial each entry once the accounts are pasted on the ledger.

(c) A total of 17 refunds of Third LEC Deposit have been made during the financial year. The refunds made on account of Third LEC are found to be tallied.

2. Financial Savings / Prudence

(a) In keeping with the trend of the last four years, there has been an year on year increase in the assets and cash balances of the society, while simultaneously undertaking major projects like Solar Power project and Outdoor Gyms.

(b) All projects are processed in the Army fashion, following the laid down steps, viz. Call for Quotations, Opening of Quotations by Board of Officers and Preparation of Comparative Statements, Price Negotiation and placing of Work Order. Receipt of stores and completion of work is duly certified. Where the work is related to the Blocks, the Block ICs are incorporated in checking and certifying completion of the work.

(c) Saving have been affected under the salaries head by reducing office staff and security guards.

(d) Increased use has been made of online purchasing which has eliminated the need for obtaining quotations, as well as eliminated the additional impact of GST and the cost of physical delivery of stores.

(e) Replacement of the earlier Sodium Vapour lamps and Tube Lights on street lamp posts and the CFL tubes flitted in internal lighting of blocks is being done by LED lights / strips of considerably lower wattage.

(0) Continuous efforts have been made to ensure highest possible rate of interest on the Third LEC deposit accounts.

3. Society Charges,

(a) The efforts to recover Society Charges were commendable. As on 31 March 2021, there was only one flat pending, other than Maj Dimple Singla, (Retd).

(b). Some shops delay their payments from time to time. The office staff has to keep reminding them for payment. A late fee must be imposed in the same fashion as is done for the society charges.

(). The Beauty Parlour is perpetually late in payment. It makes payment after two or three months. Although outside the period covered by the audit, it is noted that payment of rental has not been made for the period from May 21 till date. The possibility of not renewing the contact on termination may be considered.

(a). It is observed that rental from shops attracts GST at the rate of 18 %. The rental includes some services which could be divided into a separate component of society charges to reduce the GST liability.

4. Cash Management

(a) In spite of the efforts of the management to reduce cash transactions, considerable cash is collected from minor deposits like passes, paid parking's fines etc. It is observed that no instructions exist as to the amount of cash which the office supervisor may carry at one time to the bank. This could lead to an unfortunate loss at some time. It is recommended that the limit for carriage of cash be reduced to Rs 50,000/ - at a time.

(b) The efforts to reduce cash transactions, especially in payment of society charges is commendable. The effort could be augmented through procurement of a Swipe Machine.

5. Provisions of Bye Laws Not Commensurate with Changing Times.

(a) The financial powers of the various functionaries were laid down in the Bye Laws in 2014. These are grossly inadequate and need to be revised. Furthermore, the financial powers should not be laid down in Bye Laws because the bye Laws cannot be frequently amended to keep up with inflation. A clause should be

inserted in the Bye Laws authorising the General Body to stipulate the financial powers from time to time.

(b) The monetary cash limit of Rs 20,000/- which may be held in the society also needs to be increased.

7. Miscellaneous. The appointment of an Assistant Treasurer under provisions of Para 18 of the Society Bye Laws may be considered to reduce the work load of the General Secretary.