

SANDEEP VIHAR (AWHO) WELFARE & MAINTENANCE SOCIETY, GHS-79, SECTOR-20, PANCHKULA

MINUTES OF THE MANAGEMENT COMMITTEE MEETING :
28 DEC 2021

1. A meeting of the Management Committee was held on 28 Dec 2021. Eight members were present.

Agenda

2. Agenda:- Quarterly Meeting of the Managing Committee.

Proceedings

Management Update

3. **Security Duty.** The General Secretary informed that the responsibility for security had been assumed by the society. Consequently, annual saving of Rs 5.00 lakhs would be affected. This was primarily due to the saving of 18% GST liability and the contractor's margin.

4. **Vacant Shop.** The earlier decision to rent out a vacant shop for setting up a medical clinic was reviewed since no doctor had expressed interest in taking it on rent. It was recalled that when an opinion had been sought earlier in the year, as to what should be the purpose for letting out the shop, the consensus had been in favour of a Boutique, after a Doctor's Clinic. It was accordingly decided to let out the shop for setting up a Boutique by seeking fresh applications.

NCDRC Case.

5. Lt Col Kulwant Singh informed that he had attended the Hearing of the case at New Delhi on 24 Dec 2021. The AWHO challenge to the case in light of an affidavit by Capt B K Anand, withdrawing as a signatory to the case, was discussed. The General Secretary pointed out that this was a coercive action by AWHO since they required an affidavit to this effect, prior to giving an NOC for resale and this fact should have been pointed out to the Court. Lt Col Kulwant Singh intimated that the Final Arguments could not be held since AWHO had not submitted a short synopsis, in spite of repeated reminders by the Court. Consequently, court has given final opportunity to both parties to submit short synopsis and Final Hearing to be held on 18 Apr 2022.

6. The implications on the case of the AWHO offer to refund the interest accumulated on the principal amount of Second LEC were discussed. It was decided that members be advised to apply to AWHO to withdraw the same.

Complaints to CM Window by Col S K Chauhan regarding Balance Sheet for FY 2020-2021.

7. On enquiry by Col Rajiv Khanna about the status of the complaint by Col S K Chauhan to CM Window regarding observations on the Balance Sheet for FY 2020- 2021, the following status was explained.

8. The issues raised in the complaint pertained to the Balance Sheet for FY 2020-2021. Like every year this balance sheet, too had been prepared by the Chartered Accountant. The responsibility for digitizing the accounts of the society on Tally Software and all further activities, till the filing of the Income Tax Return, was of the Chartered Accountant.

9. No allegations of financial impropriety had been raised against the management. All the allegations were assumption, without an iota of evidence.

10. The HRRS ACT, which requires a complaint to be signed by at least one third of the members of the society, which in our case amounts to 139 members. Since this was not possible the application by Col S K Chauhan to the CM Window was a deliberate attempt to bye-pass the provisions of the Act. It was sought to be bolstered by submission of two more identical applications to CM Window and Income Tax Authorities by Lt Col G S Jeryal.

11. The same had been received by the Society from the District Registrar for comments which were submitted. Furthermore, the application was discussed point wise during the GBM on 31 Oct 2021. During the GBM, the replies of the Chartered Accountant were displayed on the screen. However, Col S K Chauhan had no comments to offer.

12. It is understood that the District Registrar held a hearing after receiving the response of the society, at which Col S K Chauhan agreed that the case be closed. The Society was not represented in this Hearing.

13. However, on 22 Nov 2021, he again approached the CM Window seeking cancellation of this earlier closure, consequent to which a Hearing was held by District Registrar on 10 Dec 2021, which was attended by Col S K Chauhan as the appellant and by President and General Secretary on behalf of the Society.

14. The first point raised by Col S K Chauhan, was as under:-

“According to the Auditors Report, there is a shortfall of Rs 1,41,481/- in the collection of maintenance charges for the Financial Year, which the Chartered Accountant has stated could not be traced.”

15. It was explained that in response to the above point, the Chartered Accountant had clearly stated that there was no under recovery of society

charges during the financial year and that their remarks were a summarization of the financial transactions covering three financial years. The differential amount was not a shortfall but could have been placed under some other headings. It was also recorded that this was an annual phenomenon with the Auditors Reports for different years recording as under:-

FY 2017 – 2018	-	Shortfall Rs 1,71,381/-
FY 2018 – 2019	-	Shortfall Rs 4,93,711/-
FY 2019-2020	-	Excess Rs 2,49,205/-

16. The same phenomenon was observed for the FY 2015-16 (when Col S K Chauhan was the President) by the then Chartered Accountants with the following observation recorded: -

“On scrutinising the books of accounts, we noticed that 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 due, but no such recoverables are being reflected in the book of accounts of the society”.

17. This clearly established that there was no under recovery of Society Charges as alleged.

18. The second point raised was regarding an entry of Rs 2,00,000/- for “Boundary Wall” in the Depreciation Statement. It was explained that the entry pertained to expenditure on repair of fallen Grit Wash and the vouchers for the same were shown. The Depreciation Statement covers scores of items. In order to simplify the same, the Chartered Accountant clubs together expenditures under common headings. This in no way indicates an error in accounting or preparation of balance sheet.

19. The Third point raised was about variation between the amount of Third LEC as reflected in the balance sheet on liabilities side and assets side. It was explained that this was on account of the deposit of Third LEC into the Society Running Accounts when the collection of LEC first started in Feb 2016 (when Col S K Chauhan was the President). However, this point was not handed over to either the Ad Hoc Committee or the new management which assumed office in Aug 2017. Furthermore, continuity was disrupted when the Head Clerk, who was responsible for accounts, was removed on 15 Jun 2017, prior to handing over to the Ad Hoc Committee on 17 Jun 2017. The deposits were all intact, albeit some part of it in the Society Running Accounts, where they were so recorded.

20. Since the replies were not agreed to by Col S K Chauhan, the District Registrar suggested that a meeting be held in the Society to narrow down the differences and then a hearing to be held on 20 De 2021.

21. Consequently, a discussion was held on 18 Dec 2021 in the Society in the presence of esteemed members, Brig Raghuvinder Kapoor and Col R C

Jaswal. Col S K Chauhan accepted that the replies of the Chartered Accountant regarding points raised about manner of adjustment of bank interest in the balance sheet/Income and Expenditure Statement and carrying forward of losses to subsequent years were correct according to accounting procedures. However, the remaining points pertaining to balance sheet were not agreed to.

22. Since the major point pertained to the first issue, i.e., the difference mentioned in the Auditors Report regarding collection of society charges during the year. It was decided to have an audit of only this aspect carried out on war footing by another Chartered Accountant. This Report was received on 20 Dec 2021 and the operative paras were as under:-

“Having carried out verification of the payment details of the members we confirm that dues for the financial year 2020-2021 have been deposited by all members, except the following: -

- a) *Maj Dimple Singla - Rs 28,800.*
- b) *Col Vishal Mudre - Rs 12,000*
- Total - Rs 40,800/-*

This status also tallies with the manual records and the digital records maintained on the MyGate platform and provided by the management of the society. It is certified that, there is no shortfall in the recovery of the society charges for the FY 2020-2021, except the abovementioned amount of Rs 40,800/-.

On the issue of difference of Rs 1,41,481 reflected as shortfall in the Auditors Report for FY 2020-21, we have the following comments to offer.

a) *The net perceived shortfall after adjusting the outstanding dues of Rs 40,800/- is not Rs 1,41,481, but is only Rs 1,00,681/-. (Rs 1,41,481 – Rs 40,800 =Rs 1,00,681).*

b) *The collection for the Financial Year commencing on 1st April is done in advance. Therefore, at the start of the financial year, there is a credit of “Opening Advances” which have been deposited in the previous financial year, but constitute income for the current financial year. Similarly at the end of the financial year there are deposits in the account which pertain to the following financial year and do not constitute income for the current financial year. They are accordingly designated as “Closing Advances.*

c) *The inadvertent inclusion or exclusion of such entries from the current financial year, while preparing an Audit Report will lead to a difference between the income due and the income collected for the current year. Consequently, the differing amount would be reflected as*

income for the previous year or the subsequent year, as applicable, and would in no way constitute a shortfall in the overall income of the society.

d) Perusal of the Auditors Reports for pervious years confirms this state with there being a shortfall /excess, as following details reflect: -

FY 2017-2018	-	Shortfall Rs 1,71,381/-
FY 2018-2019	-	Shortfall Rs 4,93,711/-
FY 2019-2020	-	Excess Rs 2,49,205/-
FY 2020-2021	-	Shortfall Rs 1,41,481/-

23. The same was handed over to Col S K Chauhan during the Hearing before the District Registrar on 20 Dec 2021, but he still insisted that an "investigation" needed to be carried out to pinpoint where exactly the differential amount had been credited.

24. On behalf of the Society, it was submitted that there were no issues raised involving financial transactions. The complainant was questioning the expertise of the Chartered Accountants. Any fresh effort to analyse the transactions of three years merely to locate which year the differential amount had been credited, would cost the society more than the amount to be traced. The point was only of academic interest since the funds were available for utilisation by the society. As it was the fresh audit had incurred a bill of Rs 20,000/-.


25. Lt Col Kulwant Singh enquired as to what action was to be taken on an email sent by Col S K Chauhan to various social media groups/ personal messages to members proposing an Internal Audit Board. The General Secretary enquired as to what purpose would be served by an Internal Audit Board when the issues raised pertained to the actions by the Chartered Accountant. The issues raised pertained to accounting procedures and not to the physical accounts maintained by the society. Furthermore, a detailed Internal Audit Board had already been done by three esteemed members and the very issue being raised had been addressed by them. Thus, any fresh board would question their work, which was grossly incorrect. He further enquired as to what was the basis for the request for an Internal Audit Board when the outcome of the application to the CM Window was still not known.


26. The General Secretary lamented that this year, for the first time, issues had been raised which were an annual accounting feature. He reminded that the accounts of the society and all other clerical duties were handled by a single clerk. If these types of procedural issues were to become the norm, then the society would have to employ additional clerks simply to avoid recurrence of such petty issues which in no way affected the accuracy of the financial accounting of the society.

27. Lt Col Arvind Bali expressed anguish at these attempts to bye-pass the process laid down in the HRRS Act, purely with a view to divert the attention of the management from the day-to-day administration, and, in the long run,

to cause enough harassment to encourage the principal functionaries to resign, which would pave the way for those who had been defeated in two elections to come into office unopposed.

Date : 15 Jan 2022


(Col R S Rathee, Retd)
President


(Brig D K Mohan, Retd)
Gen Secretary

