

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

**RE-ADJOURNED GENERAL BODY MEETING HELD ON 27 MARCH 2022:
MINUTES OF THE PROCEEDINGS**

Attendance

1. Re-adjourned General Body Meeting was held on 27 March 2022, which was attended by 121 out of 551 eligible members. (22 % attendance against required Quorum of 15%).

Agenda

2. The agenda was as under:-

- (a) Society update and points from management.
- (b) Registration of the Society consequent to change of name.
- (c) Budget and projects for FY 2022-2023.
- (d) Proposal for filling up of swimming pool for expansion of sports facilities.
- (e) Special Internal Audit Report.
- (f) Points submitted by members.

Society Update

3. The President thanked all members for their support and cooperation in fighting the Covid pandemic together.

Amendment of Society Bye Laws

4. The president informed that the amendments to the Society Bye Laws which had been passed by the GBM of 21 Oct 2021 had been approved by the District Registrar, Firms and Societies, Panchkula. This meant that the society was fully compliant with the General Body System, which had been approved in 2015 but to which the society bye laws had not been made compliant. He highlighted another significant amendment which was the removal of the clause which did not permit a member of the managing committee to stand for election after two tenures without taking a break for at least one tenure,

Water Crisis

5. The President highlighted that the recent water crisis faced by the society served as a reminder of the fact that availability of water was emerging as a national crisis. The water supply from HUDA was grossly inadequate and had to be supplemented from our own resources. A break in this had created a crisis

situation. He placed on record the thanks of the society to Hav Ashok Bali for his efforts which helped to resolve the issue in three days.

Road Repairs

6. The President informed that patch work repair of roads had commenced and would be carried out progressively across the campus. He thanked Er A S Negi for his advise and help in monitoring the work.

Status of Payment of Society Charges

7. The announcement by the President that for the first time in the history of the society, maintenance charges had been recovered from all members (less the long outstanding from Maj Dimple Singla), within the financial year was greeted with applause from the House.

Passing of Minutes of GBM of 31 Oct 2021.

8. The General Secretary placed the mandatory requirement to pass the Minutes of the GBM of 31 Oct 2021 before the House. The same were passed on proposal by Brig K C Sood and seconding by Col P K Bhatia.

Update on Solar Power Project

9. The General Secretary informed that the Solar Power Project had produced 1.30 lakh units of electricity between Sep 2020 and 20 Mar 2022. This coupled with a subsidy of Re 1/- per Unit produced had resulted in savings of Rs 10.07 lakhs in the society electricity bill.

10. He confirmed that the project was exactly on track as planned and the investment would be recouped within five years. The project had a life span of 25 years and the savings would be even more, once the investment was recouped.

11. He reminded that extension of the project by another 30 KWP was in progress.

Registration of the Society Consequent to Change of Name.

12. The General Secretary informed that the proposal to change the name of the Society from Sandeep Vihar (AWHO) Welfare & Maint Society to Sandeep Vihar (AWHO) Society adopted by the GBM of 31 Oct 2021 had been approved by the District Register, Firms and Societies Panchkula. However, the Society was required to pass a Resolution and Special Resolution to apply for the re-registration and to authorise the President to apply for the same.

13. The following Resolution was placed before the House:-

“The General Body of Sandeep Vihar resolves that fresh registration of the society be carried out consequent to approval of change of name of the society by the District Registrar, Firms and Societies,

Panchkula, to “Sandeep Vihar (AWHO) Society” and authorises, Col R S Rathee, (Retd), President of the Society to apply for the same.”

The Resolution was unanimously passed by the House.

14. Thereafter the following Special Resolution was also placed before the House:-

“The Governing Body of Sandeep Vihar approves through a Special Resolution that fresh registration of the society be carried out consequent to approval of change of name of the society by the District Registrar, Firms and Societies, Panchkula, to Sandeep Vihar (AWHO) Society and authorises, Col R S Rathee, (Retd), President of the Society to apply for the same.”

15. The Special Resolution was passed unanimously by the House.

Budget 2022-2023

16. The Budget was thereafter presented by Col H S Ahuja, Joint Secretary cum Assistant Treasurer. Points highlighted are enumerated in succeeding paras.

Revenue and Expenditure

17. The Revenue of the society has seen a steady decline from FY 2018-19 till date, primarily due to falling rates of interest and the reduction of income from other sources like setting up of stalls, guest rooms and Community Hall etc due to Covid. The Revenue which had been Rs 1.74 crores in in FY 2018-19 was expected to decline by Rs 11.90 lakhs to Rs 1.63 crores during the forthcoming financial year.

18. Simultaneously, the expenditure had increased due to many reasons. Inflation, as indicated by the Consumer Price Index had increased by 29.5 points from 137.20 in Feb 2018 to 166.70 as on date. The price of diesel had practically doubled from Rs 45.58 per litre to Rs 90.92 pre litre and showed all indications of going up substantially. Another indicator of the inflationary trends was the Central DA which had increased from 7% to 34 % during the same period. However, finances of the society had been most impacted due to the GST liability introduced after Feb 2018. The annual GST liability of Contract Services, Revenues and purchases was Rs 10.65 lakhs during FY 2021-22.

19. As a result of all these factors, the standing inescapable expenditures of the society like Staff Salary, AMCs and cost of diesel had increased by Rs 24.50 lakhs from Rs 52.90 lakhs to Rs 77.42 lakhs. Inescapable routine expenditures like electricity bill, water bill and maintenance had increased to Rs 82.50 lakhs. Furthermore, Rs 9.92 lakhs out of the sanctioned amount of Rs 12.60 lakhs for the expansion of the Solar Power Project had also been carried forward to the next Financial Year.

Essential Projects for FY 2022-23

20. The aging infrastructure of the society required extensive periodic maintenance. However, prioritisation of projects indicated the following sequence to take up the projects: -

Essential

(a) Distemper and painting of internal areas of all blocks (Estimated expenditure Rs 16.00 lakhs).

(b) Painting of electrical equipment in all sub stations and all meter rooms. (Estimated Expenditure Rs 3.00 lakhs).

(c) Repair of flooring of all Meter Rooms. (Estimated expenditure Rs 0.50 lakhs).

Desirable

(d) Repair of Parapets of Roof and Skirting of all blocks.

Desirable But may be Postponed

(e) Repair and painting of Boundary Walls and Grills. (As an interim measure, scraping of stained portions had been undertaken).

21. Furthermore, there was a requirement of adding at least Rs 10.00 lakhs to the Corpus Fund, which had remained static during the last financial year due to expenditure on the Solar Power Project. The total Project Costing for essential projects and addition to the Corpus Fund amounted to Rs 29.50 lakhs.

22. The Anticipated Revenue and Expenditure of the Society thus worked out as under: -

Revenue		Expenditure	
Society Charges	Rs 136 lakhs	Standing Expenses	Rs 77.42 lakhs
Rental Income	Rs 10.50 lakhs	Inescapable Expenses	Rs 82.50 lakhs
Interest Income	Rs 12.00 lakhs	Carry Forward liability of Solar Project	Rs 9.92 lakhs
Misc Income	Rs 4.20 lakhs	Proposed projects and addition to Corpus Fund	Rs 29.50 lakhs
Total anticipated revenue	Rs 163.00 lakhs	Total proposed expenditure	Rs 199.34 lakhs

Shortfall of Revenue to Undertake mandatory expenditure and projects – Rs 36.34 lakhs

23. It was proposed to reduce the shortfall by Rs 3.00 lakhs through internal revenue generation measures as under: -

Proposal	Additional Revenue Generated
Increase paid car park rental to Rs 600/- per month plus GST	Rs 2,40,000/-
Recovery of electricity and backup generator charges from shops at new rate (Rs 12/- per unit)	Rs 50,000/-
Letting out of car park of Maj Dimple Singla as a temporary Car park	Rs 10,000/-
Total Increase	Rs 3,00,000/-

24. However, even after this additional generation a shortfall of Rs 33.34 lakhs would still remain to be bridged. The only option left was to increase Society Charges.

Review of Society Charges

25. The Society Charges had been last increased from Rs 1,500/- to Rs 2,000/- in Apr 2018 after which the earlier mentioned inflationary trends had strained the finances of the society.

26. A comparison of society charges of various societies indicated that our society charges were the lowest amongst comparable societies. Most other societies were charging extra for backup electricity and other services, in spite of having higher charges.

27. An increase of Rs 500/- per month in the base society charge for Economy flats would lead to an overall revue increased of Rs 33.32 lakhs. This would bridge the shortfall between the anticipated revenue and expenditure.

28. Based on the ratio for fixation of charges amongst different types of flats, the revised charges would work out as under:-

Type of Flat	Revised Rate
Deluxe	Rs 3,000/-
Economy	Rs 2,500/-
Utility	Rs 2,000/-
Thrifty	Rs 1,500/-

Discussion

29. Corpus Fund.

(a) Rfn S C Pathania stated that last year an amount of Rs 30.00 lakhs had been spent from the Corpus Fund and this amount should have been reduced. Col H O Khandelwal enquired as to why the Corpus Fund had remained static during the previous year. It was clarified that there had been no expenditure from the Corpus Fund and it had thus remained constant through the year. However, no addition could be made to the Corpus Fund due to the expenditure on the Solar Power Project.

(b) Brig Sarjit Singh proposed that the Corpus Fund must be increased by Rs 10.00 lakhs every year and the interest on the FDs of the Corpus Fund must also be merged with the Fund. The proposal was unanimously approved.

30. Financial Management.

(a) Increase in Rental for Paid Parking. Col V R Rampal opined that the proposed increase of rental for Paid Car Parks to Rs 600/- was excessive and the same should be considered for reduction. The Chair pointed out that this rate had remained static for many years. However, a vote was taken and only six members were in favour of reduction. Hence the increase remained unchanged.

(b) Maintenance Fund. Col H O Khandelwal observed that the heading of Maintenance Fund had remained constant at Rs 4.41 crores since FY 2017-18 and enquired for the reasons for the same. It was clarified that the Maintenance Fund was a historical legacy in the Balance Sheet since 2009, when it was Rs 11.8 crores. However, the same had been progressively reduced through various adjustments by the then CA. However, no change was made after 2018, when the current CA took over the responsibility for accounting. It was proposed to discuss the modalities for resolving the issue in the Balance Sheet to be prepared for the current financial year.

(c) Sinking Fund. Col R N Bali suggested that a Sinking Fund be set up to cater for future expenses in reviving infrastructure. The Chair assured that the same would be considered in the forthcoming financial year in consultation with the Chartered Accountant.

(d) Investment of Funds.

(i) Col Sanjay Kahol suggested that the funds of the society be invested in Post Office for higher interest return. It was informed that the proposal would be given due consideration.

(ii) Col Vimal Kumar suggested investment in Government Bonds. The Chair stated that modalities for this would be discussed with the Chartered Accountant.

(e) Annual Increase in Society Charges. Col P K Bhatia suggested that an annual increase of 5% in society charges be institutionalised. However, it was stated that this point has been discussed earlier and not approved.

31. Repair of Lifts.

(a) Col Surinder Singh (E1/704) stated that the Lifts of E1 Block required replacement / extensive repairs. Col Davinder Singh (E11/603) observed that there was a similar problem being faced in E11 Block. Brig Sarjit Singh opined that a one time collection of additional amount should be carried out for replacement of Lifts.

(b) The President responded that the current situation had been reached due to our own mismanagement in the very early years when local vendors had installed spurious parts. An effort was made in 2017 to get the OEM, M/s Johnson Lifts to take over the maintenance contract. However, they insisted that prior to doing so, the Lifts had to be brought to the original state, a survey was commenced to quantify the requirements in doing so. Even this was sabotaged when the team of Johnson Lifts was threatened by some members.

(d) He reminded that in 2017 when he had assumed office for the first term, the lifts were not fitted with Batteries for Automatic Rescue Devices and many of the ARD's were also missing. These were operationalised and now the Lifts come down to the lower floor in case of any load shedding.

(e) Recently, the Springs which move the doors of the Lifts, as well as the doors on the Landings had been replaced in all lifts.

(e) He pointed out that the Lift was a metal box working on rails and this was not required to be changed in the normal course. The working parts of the Lift - Panel, Drive and Controller were the one's which got worn out and were required to be replaced. This was done wherever recommended by the Vendor on technical grounds. On an average two to three lifts were so renovated every year.

(f) On the issue of the Lifts of E1 and E11 Blocks, he stated that he would have these checked out and required action would be taken.

Approval

32. The proposal for the budgetary expenditure and the increase in Society Charges by Rs 500/- was thereafter placed before the House and approved unanimously.

Increase of Financial Power of Managing Committee

33. The General Secretary informed that the earlier Bye Laws of the Society had laid down financial powers of the Managing Committee, which could not be

changed to keep up with inflation. The amended Bye Laws had removed the fixed financial powers and authorised the General Body to review the financial powers of the Managing Committee from time to time. Accordingly the following powers were proposed:-

- (a) Managing Committee – Rs 5.00 lakhs per quarter.
- (b) President – Rs 1.00 lakh per item / work with concurrence of General Secretary and Treasurer.
- (c) The individual financial powers of General Secretary and Treasurer to be removed in view of the collective manner of incurring expenditure which had been in vogue for the last four years.

34. The proposal was unanimously approved by the House.

Ex-Post Facto Approval of Emergency Expenditures

35. Ex post facto approval was sought for the expenditure of Rs 1.59 lakh incurred on the repair of the Bore, including replacement of electric cable. The expenditure was unanimously approved.

Proposal for Permanent Closure of the Swimming Pool

36. The President informed the House that the issue of permanently closing the Swimming Pool and creating an additional Sports facility for children had been mooted by many members from time to time.

37. He reminded that the Swimming Pool had been lying in disuse for four years primarily due to the fact that it had developed leaks and consequently there was leakage of water into the ground, as well as the fact that the filtration plant was also non-functional. Repair of these shortcomings was beyond the means of the society.

38. Past experience suggested that use of the Swimming Pool by residents of the society was limited. When operational, it had been given for operation on contract and consequently bulk of the users were from outside the society.

39. However, the major problem arising out of operation of the swimming pool was the very heavy consumption of water. It required five lakh litres of water to fill plus an additional 50,000 litres per week for recharging. In case of contamination, the entire tank had to be emptied and refilled. The water supply by HUDA was grossly inadequate for even the normal requirement of the society, leave alone meeting the requirement of the swimming pool. This placed a tremendous drain on the Bore. Consequently, not only the water bill but also the electricity bill of the society was vastly increased.

40. He pointed out that the location of the swimming pool was also unsuitable. The seepage from the pool was affecting the boundary wall which lacked support on the other side and threatened to affect the foundations of the Club House Building and the neighbouring house adjacent to the wall.

41. In actual fact, the Swimming Pool was in use for only four to five months in a year and during the rest of the year, it served as a breeding ground for mosquitos.

41. The swimming pool was a facility which only a few could use. However, if it was closed and converted to another sports ground, more facility like Volley ball Ground / Basketball Ground for younger children etc. could be added. Consequently, many more children could use it.

Discussion

42. Rfn S C Pathania and Col Surinder Singh (E1/704) were of the view that the facility should remain. Col Rajeev Singh, although in favour of the proposal enquired as to what sports facility would be created. He suggested the establishment of a Squash Court.

43. Dr P S Mann opined that the present water situation would only worsen in the future and hence the swimming pool should be permanently closed. Col S K Gupta opined that the possibility of using the same to further rain water harvesting must be explored.

44. Hav Ashok Bali reminded that the Swimming Pool required 4.5 lakh litres of water which had to come from the Bore. When the same was functional, the water level had gone down by 30 feet forcing us to deepen the well.

45. The following Special Resolution was thereafter placed before the House.

“The House resolves through this Special Resolution to permanently close the Swimming Pool and instead to create additional sports facility for children in the area which thus becomes available. It also authorises the management to execute the necessary work in this regard.

46. The Special Resolution was passed with dissension by only seven members.

Report of Special Internal Audit Board 2020-21

47. The General Secretary stated that the Special Internal Audit Board had been setup consequent to a complaint by Col S K Chauhan on the CM Window, Haryana regarding the Balance Sheet of the Society for the FY 2020-21. He did not elaborate further on the issue since the full details of the same had been posted on various media by Col S K Chauhan and responded to, where required, by the management. He however, reiterated that the complaint had been filed on the CM Window to bypass the provisions of the HRRS ACT which required an investigation on any issue only if signed by one third of the members (185 in our case).

48. He placed on record that after a series of Hearings between the initiation of the complaint of 27 Sep 2021 and 20 Jan 2022, an Agreement was arrived at between Col S K Chauhan and the Management under the aegis of the District Registrar, which stipulated the following: -

“ A Special Internal Audit Board comprising of Presiding Officer and four members, out of which two members will be of Col S K Chauhan’s choice, to audit / check the Balance Sheet for the year 2020-21 of the society with the accounts for the said year.

49. Col S K Chauhan stipulated the following in the agreement: -

“The report of the audit board will be placed before the next GBM of the society for their decision on the audit board and I will abide by the decision of the GBM.

Thereafter, I will not raise any complaint to any agency government or private on the said matter of financial aspects of the society for the year 2020-21 for any reason whatsoever”.

50. Accordingly the Board was constituted as under: -

Presiding officer – Brig Parvinder Singh

Members:-

Nominated by Col S K Chauhan

Col H O Khandelwal

Col Vimal Kumar

Nominated by the Management

Col Surjeet Singh

Col Parveen Ahluwalia

51. The General Secretary reminded that the essence of the complaint was against the Balance Sheet which was produced by the Chartered Accountant. There were no allegations of financial impropriety against the management. He elaborated upon the accounting procedures of the society as under:-

- (a) Society accounts are maintained in the Accounts Ledger.
- (b) All payments have corresponding PVs while receipts have RVs.
- (c) NO CASH TRANSACTIONS ARE DONE, except for passes, stickers / tags, paid car parks and petty expenses.
- (d) Based on the Accounts Ledger, RVs and PVs, the CA uploads the accounts on Tally.
- (e) The Annual Balance Sheet and allied statements are prepared by the CA after physical audit.

52. The Board commenced on 10 Feb 2022 and submitted its 63 pages report on 05 Mar 2022- after 23 days. The Account Books, Pass Books, RV and PV Vouchers,

as well as all other documents including relevant Tally Sheets, asked for during the proceedings were also made available.

53. The Report of the Board was submitted on 05 Mar 2022. Out of the 11 points considered by the Board, eight had been unanimously agreed upon by the members. A dissent note was attached by two members (Col H O Khandelwal and Col Vimal Kumar) on three points. Further clarifications were obtained on these points from the CA and the dissenting members were requested to meet for discussion of the same. However, both members expressed a desire to avoid further involvement in the matter.

54. The General Secretary opined that the majority of points raised in the complaint stemmed from lack of clarity over the different types of financial documents. For ease of understanding the discussion, he explained the differences as under:-

(a) The Receipt and Payments Account functions as a summary of the payments and receipts during an accounting period. It provides a cash position and records all cash and bank transactions.

(b) Income and Expenditure Statement is to determine the surplus or deficit of income over expenditure for a particular time frame. The accrual concept is followed while preparing the Income and Expenditure Statement.

(c) The Balance Sheet reports the Assets (what is owned) and Liabilities (what is owed).

(d) Hence it is never possible that for a particular head the balance will be the same in all three as the basis of formation of all the three statements is different. Comparison is possible only for the amounts and the heads pertaining to same nature where the same method has been used.

(e) Financials contain three statements because all of them show the financial position from a different perspective.

55. The General Secretary then requested Col Parveen Ahluwalia, the Member Secretary of the Board to present the Report.

56. Col Parveen Ahluwalia stated that first the eight points which had been unanimously agreed upon by the members would be covered, after which the three points on which dissenting notes had been given, would be covered. The issues of dissent would be covered by the Managing Committee since the clarifications had been received after submission of the report.

Point No. 1 There is a shortfall of Rs 1,41,481/- in the collection from members which are pending as debtors during the year. The exact difference is not traceable as per the management."

Observations by the Board

It is noted that the maintenance charges are being collected from the members twice in a year, on a monthly basis — i.e., before 01 Apr and 01 Oct.

Thus, the charges pertaining to a particular financial year may actually be deposited during three financial years i.e., charges deposited in advance, prior to 01 Apr of the current year are credited during the previous financial year and similarly, the charges delayed beyond 31 Mar of the current financial year are credited in the next financial year.

This results in a mismatch between the amount which is due to be collected and which is actually reflected as collected, if the correct financial year is not taken into account.

Perusal of the balance sheets indicates that such a mismatch has been existent every year, since 2009

This issue was elaborated upon by the Society Chartered Accountant consequent to the raising of observations on the Auditors Report and he confirmed that verification of flat wise records indicated that there has been no shortfall in collection of society charges, except the two members whose details were recorded and that no amounts had been written off from the balance sheet.

He further clarified that “untraceable” meant that it could not be located in the head for Society Charges and not that there has been a shortfall.

A Special Audit conducted by another Chartered Accountant has also confirmed after verification of the manual records maintained by the Society Office and the MyGate App that society dues have been deposited by all members, except the two recorded defaulters and that there has been no shortfall in recovery of society charges for the financial year.

The Internal Audit Board of the Society had also recorded the same observation earlier.

This Audit Board also perused the relevant documents including the MyGate App records and concluded that the collection of Society Maintenance Charges has been done correctly from the members and record has been maintained of the outstanding dues from the defaulters.

Important point to note here is that all dues (except for two defaulters whose details are available and have been brought on record) stand recovered and no financial loss has been caused to the Society or any amount has been written off from the Balance Sheet, as has been alleged by the complainant.

The Board also observes that as long as all due society charges are collected, the financial year in which a payment is recorded does not hold much relevance for a society like ours, whose funds do not lapse at the end of the financial year, and, hence is only of academic interest.

Recommendations by the Board

It is noted that although the difference in the Balance Sheet of charges due and those actually collected has been an annual feature since 2009, this is the first time that cognizance has been taken of the issue. In order to avoid recurrence of similar observations in future, the following measures are recommended to be implemented:-

- (a) The record of deposit of Society Charges be maintained on the format appended to the Report
- (b) Digital payments of Society Charges should be made only through MyGate App to facilitate record keeping and accounting.

Findings of the Board

The board critically examined the supporting documents, i.e MyGate App records and the Society Collection Register and the bank deposit records to firmly conclude that collection of Society Charges has been correctly done and the outstanding dues are correctly reflected into the society accounts. The board also concludes that there has been no shortfall in collection for the year, no amount has been written off and no financial loss caused to the society.

Point No. 4 - The Long Term Development Fund received on sale of the flats is Rs 13,40,000/- in liability side which has not been fully taken into the income side except Rs 3,50,000/- as development charges from tenants?

Observations by the Board

Income is that which is not to be refunded and on which Income Tax is paid. Amounts which are liable to be refunded and on which Income Tax is not paid are Corpus and are reflected as Liabilities in the Balance Sheet.

Hence, the contribution to *Long Term Development Fund* of Rs 13, 40,000/- has been added as a Corpus in the *Balance Sheet* and is, rightly, not reflected in the *Income and Expenditure Statement*.

This is verified by comparing the Balance Sheets for FY 2019-2020 and FY 2020-2021.

The sum of Rs 3,50,000/- collected on account of *Development Charges* from Tenants has been correctly reflected in the *Income and Expenditure Statement* and is taxable.

Findings of the Board

The board verified that the Long Term Development Fund of Rs 13,40,000/- has been correctly reflected as Corpus in the *Balance Sheet* and a sum of Rs 3,50,000/- collected as *Development Charges* from Tenants has been correctly reflected in the *Income and Expenditure Statement* as income.

Point No. 5 - The Management has violated Haryana Govt Notification dt 22 Jun 2018.

Observations and Findings of the Board

A case has been instituted by Mr Pushpinder Kalia seeking refund of his contribution to the LTDF.

The procedure being followed is approved by the General Body and is also sub judice. Hence it is not considered any further.

Point No. 7 - Total expenditure for the current year is Rs 2,44,93,919/-, which is in excess to the income by Rs 77, 56,854/- . Further, no permission to spend in excess from society's reserve funds by a special resolution has been taken.

Observations by the Board

The issues raised are threefold i.e.

- (a) Total expenditure for the current year is perceived to be Rs 2,44, 93,919/-, that is in excess to the income by a sum of Rs 77,56,584/-.
- (b) For which, no permission to spend in excess from Society's reserve funds by way of a special resolution has been taken.
- (c) Expenditure has been incurred from the Corpus Fund.

Total expenditure for the year is perceived to be Rs 2,44, 93,919/-, that is in excess to the income by a sum of Rs 77, 56,584/-.

Details provided in the complaint that the figure of Rs 2,44, 93,919/- alleged to have been expended during the year has been arrived at by adding expenditures under a heading "Other Works" which are common to the expenditures reflected in the Depreciation Statement.

Thus, there has been duplication in arriving at the total. From scrutiny of the *Receipt and Expense Statement* it is established beyond doubt that in actuality the net total expenditure is Rs 1, 99,13,058/- and not Rs 2,44,93,919/- as perceived by the complainant.

This expenditure is well within the total approval granted for the year by the General Body as under:-

- (a) Budgeted expenditure approved (GBM 02 Feb 2020) - Rs 1, 68, 73,200/-
- (b) Expenditure on Solar project with permission to reduce the amount From Corpus Fund by GBM of 02 Feb 2020 - Rs 32,09,000/-
- (c) Emergency expenditures during year approved - subsequently by GBM of 21 Feb 2021. - Rs 8, 87,604/-

Total approval accorded by General Body - Rs 2, 09, 69,804/-

Sub Point 2. No permission to spend in excess from Society's reserve funds by way of a special resolution has been taken.

Observations by the Board

It is also seen that there is no requirement of a 'Special Resolution' to spend from the Corpus Fund necessitated in the ibid case.

Sub Point 3. Expenditure has been incurred from the Corpus Fund.

Observations by the Board

Corpus Fund has remained constant between FY 2019-20 and FY 2010-21 in spite of an expenditure of Rs 32.44 lakhs on the Solar Power Project, which was authorised to be paid for from the Corpus Fund, but in fact has been paid for from the yearly income.

Findings of the Board

After verification of expenses it has been established beyond doubt that expenses during the year are well within that for which approval has been granted by the GBM. Neither has any expense been incurred from the Society Corpus Funds nor any 'Special Resolution' is mandated here.

Point No. 8 - In Depreciation List a property entry of Rs 14, 74,565/- has been made on extension of building which does not exist.

Observations by the Board

Any expenditure which extends the life of an asset qualifies to be considered as Depreciation. Also, Depreciation is a "non-cash" entry in the Balance Sheet and qualifies for income tax reduction.

The heading '*Building Extension*' in the *Depreciation Schedule* refers to all works on buildings which qualify as Capital Expenditure and the same are clubbed together for ease of accounting. These heading have existed from the very first Depreciation Sheet of 2016. Subsequent qualifying expenditures have been added under this heading.

In a similar practice, the Chartered Accountant has placed all such repairs and civil works carried out during the year which extend the life of the infrastructure under the heading "*Building Extensions*" As such there is no substance in the allegation made that No Building Extension has physically taken place.

The Board has also examined details of the expenditure of Rs 14, 74,656/- and finds that they pertain to such works which have extended the life of the assets

Findings of the Board

The Chartered Accountant has placed all repairs and civil works carried out during the year which extend the life of the infrastructure under the heading "*Building Extensions*". The Board has examined details of the expenditures of Rs 14, 74,656/- incurred during the year and finds that these pertain to such works which have extended the life of the assets. As such, there is no substance in the allegation made

Point No. 9 - Many details such as Long Term Development Fund, Third LEC and interest earned on the invested amount have been concealed in this balance sheet to keep members in the dark.

Observations by the Board

All interest payments are made into the bank accounts based on which interest certificates are issued.

These are duly verified by the Chartered Accountant and incorporated into the Balance Sheet.

The interest earned on society running account and Third LEC is reflected separately in the Balance Sheet.

The audited interest statements have been perused and are appended to these proceedings.

Findings of the Board

Allegation is vague, too generic and without any supporting evidence and does not merit any further action.

Point No. 10 - Expenditure in boundary wall of Rs 2, 00,000/- the location of repair of which is not known to any member of the society.

Observations by the Board

This expense has been incurred on account of repair of Grit Wash and has been subsequently reflected under the heading of "*Boundary Wall*" by the Chartered Accountant. It is different from the works pertaining to Building Extensions.

Recommendations

A list of headings should be standardised in mutual consultation with the Chartered Accountant by the Management and adopted from the next Financial Year, to ensure a minimal number of entries so that these do not becoming overwhelmingly large in the Depreciation Sheet and yet a semblance to the identity of the work is maintained.

Findings of the Board

The subject expenditure has been verified to have been made on account of repair of Grit Wash and has been reflected under heading 'Boundary Wall' by the Chartered Accountant. This expense is different from the one's put under the heading 'Building Extensions', above.

Point No. 11 - Cumulative Audit Report from FY 2009 to FY 2016 highlighting many other financial irregularities has never been discussed since its arrival in 2016 in spite of repeated request by many members many times, but without having been tabled in this GBM / MCM.

Observations by the Board

The point is not relevant for the Current years Audit Board.

Point No. 2 - In Balance Sheet, the interest on the Asset Side is Rs 10,85,861/- whereas it is Rs 18,32,514/- in the Income side of the Income and Expenditure Statement. Thus there is a discrepancy of Rs 7,46,833/-.

Clarification by CA

According to accounting principles, both interest earned and interest accrued are shown in IE Statement while only interest accrued is shown in the Assets side of the Balance sheet.

Observations by the Board

Details of interest earned and that which is accrued are taken from the interest certificates provided by the banks.

Interest Certificates and Pass Books were examined by the Board.
The finding of the Board are as under:-

“Total interest accrued and recovered is reflected correctly, (i.e. Rs 18,32,514/- less Rs 10,85,861/- = Rs 7,46,833/-.”

Thus there is no discrepancy in the Balance Sheet.

Dissent Note by Two Members

The finding / clarification on the difference / discrepancy of Rs 7,46,833/- between the two has not emerged clearly.

Recommendation

The feeding of entries from the bank statements and pass books into the concerned ledgers in the Tally System be rechecked. The Payment and Receipt A/c, Income and Expenditure Statement and Balance Sheet be regenerated to know what the exact status is.

Clarification on Dissent Note

The General Secretary clarified that the point raised in the Dissent Note had been passed on to the Chartered Accountant for clarification. On receipt of the reply, concerned members were requested to meet for resolution of the issues raised. However, they expressed inability to do so, for reasons recorded earlier.

He stated that the point arose due to lack of clarity on the accounting procedure for interest actually credited and accrued in different formats of account presentation – Receipt and Payments Account, Income and Expenditure Statement and Balance Sheet. The same was clarified as under:-

- (a) All interest credited into bank account and no cash payment.
- (b) All interest supported by Interest Certificates from banks.
- (c) Accrued interest does not get credited into the account during the current year, but is deemed to have been paid for Income Tax purposes.
- (d) Accrued interest gets actually credited during the subsequent year (s), as per maturity plan.
- (e) Accrued interest is reflected in Income and Expenditure statement and Balance Sheet but not in Receipt and Expenditure Statement.
- (f) Interest actually credited is reflected in the Income and Expenditure statement and Receipt and Expense statement, but not in Balance Sheet.
- (g) Accrued interest during the financial year becomes Opening Balance for the following year.
- (h) Interest which is credited during the following financial year is reduced from the Opening Balance.
- (i) Interest which is accrued during the next financial year gets added to the Opening Balance.
- (j) The resultant total becomes the Closing Balance in the following financial year.

With regard to the points raised in the Dissent Note, the Chartered Accountant had linked all the interest details with the relevant Interest Certificates and the Ledger Entries and provided copies of the same. Details of the same were projected on the screen.

BALANCE AS PER INCOME AND EXPENDITURE STATEMENT

Particulars	Amount	Interest Certificate	Ledger Entry
Interest on HDFC FD (Certificate dated 29/7/21)	10,22,663	HDFC Cert 2020-21 (A)	Ledger (J)
Interest on Kotak FD (Certificate dated 27/7/21) FD No. 275	4,10,128	Kotak Cert 2020-21 (B)	
Interest on Kotak FD (Certificate dated 27/7/21) FD No. 199	59,307	Kotak Cert 2020-21 (C)	
Interest on Kotak FD (Certificate dated 27/7/21) FD No. 304	59,307	Kotak Cert 2020-21 (C)	
Interest on Kotak FD (Certificate dated 27/7/21) FD No. 311	59,307	Kotak Cert 2020-21 (C)	
Interest On Savings Bank A/c			
Q1	42,740	Kotak SB Cert (D)	Ledger (K)
Q2	89,564	HDFC SB Cert (E)	
Q3	62,331	(Total - 2,21,802/-)	
Q4	27,167		
Total	18,32,514		

BALANCE AS PER BALANCE SHEET

Particulars	Amount	Remarks	Calculations	Interest Certificate	Ledger Entry
Interest Accrued on FDR's (Opening)	9,77,058				Ledger (L)
-Accrued (in FY 19-20)	-1,50,767	HDFC FD Interest less TDS	1,67,519 - 16,752 = 1,50,767	HDFC Cert 2019-2020 (F)	Ledger (L)
	-1,66,626	Kotak FD Interest less TDS		Kotak Cert 2019-2020 (G)	
-Accrued (in FY 20-21)					
Interest Accrued on 5 New FDs of Rs.20	1,02,237		1,10,646 - 8,409 = 1,02,237	HDFC Cert 2020-21 (A)	Ledger (M)
Interest Due on FD 50300443079447/1	1,11,779	Less TDS	1,20,843 - 9,064 = 1,11,779	HDFC Cert 2020-21 (A)	
Interest Due on FD 50300221516006/4	17,257	Less TDS	18,656 - 1,399 = 17,257	HDFC Cert 2020-21 (A)	
Interest Accrued on 3 New FDs of Rs.25 Lakhs each	75,607	Less TDS		Kotak Cert 2020-21 (C)	
	9,66,545		TOTAL - 3,06,991/-		
Interest accrued (Opening)	1,20,042				
-Accrued (in FY 19-20)	-3,673			HDFC Cert - 2019-20 (H)	Ledger (N)
-Accrued (in FY 20-21)	2,656			HDFC Cert - 2020-21 (I)	
	1,19,025				
	10,85,681				

Findings of the Board

Col Parveen Ahluwalia thereafter gave out the Findings of the Board.

The accrued interest certificates of Fixed Deposits of various banks, details of quarterly interest received on the deposits in the Saving Bank accounts of the society were tallied and reconciled and it was concluded that the interest accrued and interest recovered is correctly reflected and there is no discrepancy in the Balance Sheet.

Point No. 3 . There is a difference of Rs 12,72,030/- between the Liabilities and Assets in the Balance Sheet.

Observations by the Board

Details of transactions of Third LEC during FY 2020-21 have been verified and found correct and accounted for.

On the issue of difference of Rs 12,72,030/- between the Assets and Liabilities in Balance Sheet:-

(a) The LEC on resale of flats was deposited in the running accounts of the society (HDFC and IDBI) during the period from Feb 2016 to Nov 2017 amounting to Rs 28,63,352/-. Details of the same are available and have been verified.

(b) The amounts collected after the GBM decision of Nov 2017 were deposited in the Bank Of India account of the society and later transferred to accounts specially opened for the purpose in the Kotak Mahindra Bank.

(c) However, the earlier collected amount was not consolidated in the new LEC account of Kotak Mahindra Bank.

(d) The initial refunds from payments which had been deposited in the Kotak Mahindra Bank were made from the society running account to reduce the imbalance. However, the total difference was not liquidated.

(e) Hence the difference exists between the liabilities side of the balance sheet (which includes the residual amount of the earlier collection deposited in HDFC / IDBI Bank) and the Assets side which only reflects the balance of the post Nov 2017 deposited in Kotak Mahindra Bank.

(f) The balance of the pre Dec 2017 deposits remaining in the society accounts need to be transferred to the LEC account.

(g) The same needs to be completed and the Assets and Liabilities sides of Balance Sheet for the current financial year need to be reconciled.

Recommendations of the Board

All LEC accounts be maintained in one bank only and be duly consolidated.

Balances of deposits remaining in the Society Accounts are to be transferred and merged into this LEC account.

Dissent Note by Two Members

1. Reasons for mismatch have not emerged clearly.
2. Refunds need to be shown in Receipt and Payments Account.

Clarification on Dissent Note

The General Secretary reiterated that the difference between the Liabilities and Assets in the Balance Sheet under the Head of Third LEC had arisen due to the manner of accounting for the LEC collection in the earlier stages. The collection on this account from those selling their flats had commenced in Feb 2016. Between Feb 2016 and Nov 2017 an amount of Rs 26.83 lakhs had been collected. This amount was kept in the society running account and neither a separate account was opened do for it, nor was it placed in FD. Furthermore, the interest thereon was also not separately accounted.

The collection consequent to the GBM decision of Nov 2017 was placed in separate accounts opened for the purpose and accounted for separately. While the Amount of Third LEC (Old) had been added to the Liabilities, the amount remaining in the Society Account from the very beginning had not been added to the Assets, which only reflected the post Nov 2017 collection.

He confirmed that the consolidation of the entire deposit into the special LEC accounts would be carried out during the current financial year and the Balance Sheet reconciled.

He gave out the current status of the deposits as under:-

Total Deposited	743 Lakhs	
Refunded	574 Lakhs	352 Members
Balance held	169 Lakhs	100 Members
Withheld on account of Resale	102 Lakhs	55 Members
Yet to be refunded	67 Lakhs	45 Members

On the second part of the Dissent Note, he clarified that the point was incorrect since an amount of Rs 28,56,884/- was reflected in the Receipt and Payment statement, as also deposits of Rs 11,18,947/.

Findings of the Board

Col Parveen Ahluwalia thereafter gave out the Findings of the Board.

The details of the transactions pertaining to the 3rd LEC for FY 2020-21 were verified by the board and were found to be correct and properly accounted for.

With regard to the discrepancy between the asset and liability side of the Balance Sheet, it was found that though the details of LEC on pre 2017 resale of flats and post Nov 2017 sales have been correctly collected and deposited albeit in different banks over a period of time.

A discrepancy thus is observed between the liabilities and assets side of the Balance Sheet as LEC accounts/balances in different banks are yet to be consolidated into a single LEC account. The Management has been advised to do this in the current FY and ensure this discrepancy does not carry forward any more.

Having examined and verified all LEC records the Board concludes that there is no discrepancy in the collections, refunds and the interest accumulated under the LEC heads of accounts. All deposits in different banks have been

verified and have been found to be correct. No malafide intent of any kind has been observed.

Point No 6. - Fraudulent Entry: On assets side of balance sheet last column deficit budget -profit and loss opening is Rs 11,26,176/- and disallowed expenditure in FY 2019-20 of Rs 1,88,515/- = Rs 13,14,691/-. This is excess expenditure of the last year which has been catered for in the Balance Sheet of 2019-20.

Observations and Findings by the Board

The perceived fraudulent entry pertains to disallowed expenditure and loss in the previous year.

The CA has qualified this as the normal accounting procedure where-in such disallowed expenses and losses have to be reflected on the Assets side of the Balance Sheet, in the subsequent year so that it can be offset while filling the subsequent income tax return.

There is thus no fraudulent entry as alleged.

Dissent Note by Two Members

An amount of Rs 13,14,690/- has been included in the Deficit Entry of Rs 14,24,410/- (Loss / Expenditure over income) in the Balance Sheet. This amount of Rs 13,14,690/- has been adjusted as expenditure over income in the FY 2019-20.

The reason why this amount has been included in the deficit entry in FY 2020-21 and why deficit entries not made in the FY 2019-20 and earlier years needs more clarity.

Reply by CA

“It is clarified that the manner of adjustment of the loss is a presentation technique. The loss can either be reduced from the Liabilities or added to the Assets. The net result will be the same.”

Special Recommendations by the Board

Additional Clerk. For the efficient handling of the work load of the Society and to build in redundancy, it is recommended that an additional Clerk must be employed by the Society management.

Investigation of Frivolous Complaints.

If done through an external agency, the investigation must be at the cost of complainant, if proved wrong. Complainant must also be held accountable for his frivolous allegations.

Shifting of Bank Accounts

Shifting of bank accounts from one bank to another must be done with prior approval of the GBM.

Presentation by Col S K Chauhan

Col S K Chauhan thereafter insisted on giving a Power Point Presentation which was permitted by the Chair.

The Presentation sought to offer justification for making a complaint to the CM Window and reiterated the points which had been mentioned in the letter posted by him on the Google Group and individually to members on 20 Mar 2022.

In conclusion, he stated that he would abide by the decision of the House on the matter.

Vote by the House

The Recommendations and Findings of the Special Audit Board, as under, were thereafter placed before the House for a vote. The same were approved unanimously.

RECOMMENDATIONS OF THE BOARD

"Having done the desired audit/checking of the Balance Sheet for financial year 2020-2021 of the Society with the accounts of the said year with regard to points raised by the complainant Col S K Chauhan (Retd) vide his petition dated 27 Sep 2022 submitted to the CM Window, Haryana, it is evident from the proceedings of the subject Board of Officer that No substance has been found in any of the issues/allegations raised by the complainant Col S K Chauhan (Retd) vide his subject petition dated 27 Sep 2022. The same thus deserves to be dismissed".

The following Resolution were thereafter passed by the House:-

The House concurs with the Final Recommendation of the Board with regard to there being no substance in the allegations made by Col S K Chauhan.

The issue has been discussed in three meetings of the General Body and based on the report of the Special Audit Board, the case is now closed. The House resolves that Col S K Chauhan must abide by the commitments made in this regard while seeking the setting up of the Special Audit Board.

In conclusion a Vote of Thanks was passed for the members of the Special Audit Board.

The House places on record its appreciation for the Presiding Officer and Members of the Special Audit Board who came forward to carry out

the Special Audit Board and spent so much time and effort for the society.

Remarks by Brig Parvinder Singh.

During the Presentation by Col S K Chauhan, Brig Parvinder Singh had taken exception to remarks which questioned the impartiality of the Board and by implication, the integrity of the members..

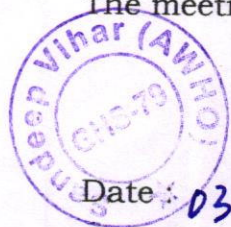
In the end he sought permission of the Chair to express his anguish at the events of the recent past.

He reminded that after he came to the Society in Nov 2019, he had been at the helm of two important duties assigned by the Society – conduct of elections in Aug 2020 and the Special Audit Board. Both the events had ended up for arbitration outside the society. His sage advice was offered in the following words:-

“I will give two points – firstly we do not live in a perfect world and secondly we do not have respect for each other. There is a lot of negativity. Let us cut down on this. Let us start accepting the realities of life. We all have had vast experience and different type of exposures and we all are in the age group of 50, 60 or 70 yrs.

After having gone through lots of correspondence in various media, I feel, let us not allow our imaginations to run wild, where we can write to somebody that there can be violence in a meeting. Are we in that wild mode? It is not good to write and send it to civilians, please do not do it. Let us be very honest to ourselves, if not to anybody else. These letters are read by very low level functionaries in civil offices. Let us maintain our dignity. People right from first management onwards have worked hard for water, electricity, maintenance etc. Let us respect all of them. Let us not call each other names. It is not for any body. You respect me, I respect you. You call me names, I do not respect you. We are 550 members, we will have differences of opinions. Once we have elected a management, we must respect them and we cannot throw them out, they are also as much a member of this Society. I am elder to lot of you and younger to some. I carry lots of experience of Ministries of Home, External Affairs etc. Let us not waste each other's time. Let us respect each other. We are not here by choice. If you have something against Management, let 1/3rd of us get up and say it. These days our systems (in Society) are so good that there is no shortage of water and you get generator back up is up in a few seconds. Please respect each other and respect the Society.

The meeting was thereafter adjourned.



Date: 03 Apr 2022

(Col R S Rathee, Retd)
President

(Brig D K Mohan, Retd)
General Secretary