

1 OUTLINE

1. The current assignment, directed by DR, involves conducting a financial audit of Amrapali Sapphire 2 AOA in response to letters received by DR's office in Meerut. These letter, dated 11/02/2026, letter number 3790 1-M-GBN/0011729/GZB raise allegations of non-transparency in ~~audit~~ and account management within the society, no handover from the outgoing AOA as well as questions regarding the legality of the existing office bearers of the society in that tenor.
यह प्रपत्र सोस० रजि० अधिन 1860 के अन्तर्गत पंजीकृत नहीं है पत्रावली पर उपलब्ध है।
2. The engagement letter, executed on April 15, 2026, defines the scope of the financial audit to cover the fiscal years 2024-2025 under the Societies Registration Act, 1860.
3. Mr. Vinit and his team as appointed by DR conducted the onsite audit in April 2026 and May 2026. The audit included reviewing the financial statements, verifying revenues, expenses, and balance sheet items, as well as conducting cash and physical verification of assets where applicable. The auditors made the following key observations:

For SANCHETILALWANI & A

Sancheti

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सत्य प्रतिलिपि

पटल सहायक
कार्यालय डिप्टी रजिस्ट्रार
फर्म सोसाइटीज तथा विदेश
गाज़ियाबाद (उ०प्र०)
618676

2 SYNOPSIS

2.1 Specifics

The complaint relates to Amrapali Sapphire Phase 2 Apartment Owners Association regarding alleged financial and administrative irregularities by the previous Board of Management.

1. Elections of the Association were held on 12 October 2025 and the previous office bearers were not re-elected.

2. The newly elected Board repeatedly requested handover of:

- * Financial records
- * Statutory documents,
- * Society accounts,

but proper handover was not provided.

3. Some bank accounts of the society were reportedly non-operational due to signatory issues and new account open without required norms

4. Income Tax Returns were not filed during the tenure of the previous management. Other return was delayed filled.

5. Statutory audits were allegedly not completed for the year.

6. The complainants requested:

- * Appointment of an independent auditor,
- * Regular and special audit of society accounts,
- * Investigation into financial irregularities.

7. Based on the complaint, proceedings under Section 24 of the Societies Registration Act, 1860 were proposed and an inquiry/audit officer was appointed by the Deputy Registrar.

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2.2 Methodology Adopted

It was decided and agreed by our team to follow a detailed methodology for conducting the investigation for the purposes of the financial audit of the Society. The methodology included the following broad steps:

- a. Procurement of documents and accounting data from the Society.
- b. Procurement of documents from necessary third parties, if required.

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फॉर्म सोसाइटीज तथा चिदस
गाजियाबाद (उ०प्र०)

For SANCHITILALWARI & ASSOCIATES
Sanchitilalwari
Proprietor

- c. Interviewing and recording statements from the management of the Society, including ex-management, employees, and staff.
- d. Interviewing and recording statements from necessary third parties, if required.
- e. Detailed analysis of all necessary documents and evidence on record.
- f. Preparation of the Report.

2.3 Findings at a Glance

Upon detailed investigation, it has been found that below issues as highlighted which includes non-following of bylaws and no proper accounting. The auditors have noted the following key observations:

1. **Non-Handover of Statutory Records** - As per the provisions of the Uttar Pradesh Apartment (Promotion of Construction, Ownership and Maintenance) Act, 2010 and model bye-laws of Apartment Owners Association:

The outgoing association/office bearers are legally bound to hand over all records, assets, and responsibilities to the newly elected body within a reasonable time.

Further, as per Model Bye-laws of AOA (General Clause on Transition of Management):

All books of accounts, records, funds, and properties of the Association shall be handed over to the newly elected Board/Association immediately after the election or expiry of the term.

It was observed during the course of audit that the outgoing Apartment Owners Association (AOA)/Managing Committee has not formally handed over the charge to the newly elected committee. The auditor did not receive any MOM of GBM, Board meeting and AGM extract from existing board citing that no handover was made. We also discussed with OLD AOA (tenure 2024-2025) however they also did not provide the required documents.

Audit Remark - The failure of the outgoing AOA to hand over records and control is a serious violation of governance norms and applicable provisions of the Act and Bye-laws. Responsibility for any discrepancies arising due to non-handover shall rest with the previous management.

Auditor's Recommendation - Immediate formal handover process should be initiated and documented

If non-compliance continues, the matter should be reported to the Deputy Registrar for necessary action.

For SANCHETILALWANI & A.

Sancheti
Proprietor

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गाजियाबाद (उ०प्र०)
14/06/24

2. While the association maintains the books of accounts, it has been observed that some accounting entries are incorrectly categorized, and there were lapses in TDS/GST compliance initially, attributed to the absence of a GST certificate at that time. It is recommended to provide training to the accountant or hire qualified professional services to ensure accurate bookkeeping and compliance with statutory requirements.
3. There have been many cash transaction above Rs.2500/- as per by laws however no approval from Secretary has been found. No cash audit has been conducted for the society. As best practice, It is recommended to conduct a cash audit every three months going forward.
4. Asset tagging and physical verification have not been conducted for the society, indicating incomplete handover procedures. It is recommended to conduct physical verification of assets every three months.
5. The Board should conduct an annual electricity audit as part of its compliance testing procedures. We suggest to get this audit done before 30th Sep 2026 (if feasible) which is the due date for statutory Audit
6. No Safety audits for lifts documents available for that tenure
7. As alleged by the complainants that Vendor selection procedures have not been diligently followed for regular vendors hired by the society. The auditor agrees and found association not following standard procedure of inviting quotations from the vendors, making comparatives. A vendor selection committee was made and upon taking the input from committee member it has been found that there has been lapses in selection of vendor.
8. ESI/PF details of employees deployed by security agencies could not be fully reconciled with attendance records due to manual tracking. However, sample testing of the data was found to be accurate and in line with statutory compliance with few exceptions' cases. AOA is instructed to do through checking for the statutory compliance.
9. No Statutory Audit has been conducted as per the Income Tax Act, 1961, and Societies Registration Act, 1860, Hence no audited Balance Sheet available for the period ending March 2025.

10. Maintenance of Books of Accounts

The society has / has not properly maintained books of accounts such as cash book, ledger, reconciled and audited bank book, and member registers.

In some instances, entries are not updated on a regular basis, which is not in compliance with prescribed accounting standards under applicable bye-laws.

Supporting documents for certain transactions were not produced for verification is attached with the report

Impact: Financial transparency is affected.

11 Vouching & Supporting Documents – Documents as sample attached with the report

- During audit, it was observed that:
 - Some expenses were not supported with proper bills/vouchers.

For SANCHETILALWANI & ASSOCIATES

Sancheti
Principal

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कार्यालय डिप्टी रजिस्ट्रार
फर्म सोसाइटीज तथा चिदस
गाजियाबाद (उत्तर प्रदेश)
16/06/26

- In certain cases, **self-made vouchers were used without authorization.**

Non-compliance with: Basic audit principles and financial discipline under society bye-law

12 Bank Reconciliation

- Bank reconciliation statements (BRS) were:
 - Not prepared regularly / delayed.
 - Differences between bank balance and books were observed.

Risk: Possibility of financial misstatements or undetected errors.

3 Member Register & Records

- Member records were:
 - Incomplete / not updated.
 - Transfer of flats not properly recorded in some cases. - The AOA issued flat transfer certificates. However, the collected amount was not deposited in Fixed Deposits or saved for future use.

Clause No 39 Transfer of Apartment: Provided further that the transferor of an apartment owner shall pay 1/2 percent of the transfer value to the association for transferring his apartment to his prospective buyer and **such amount shall be kept in a fund by the association for being used in future for the major repairs of the building.**

Non-compliance with: Society membership rules under bye-laws

4 Sinking Fund / Reserve Fund / IFMS

- Sinking fund and reserve funds:
 - Not maintained as per the requirement
 - Funds were used for purposes other than specified.

Violation: UP bye-laws provisions for long-term asset maintenance.

Removal of Secretary

- **Opening of Bank account and using online payment mode-** A new bank account in IDFC Bank was opened however no evidence found for approval in General Body meeting. The bank account does not have the detail to show Secretary as authorized signatory. No MOM found for the board meeting showing requirement to open the bank account.

For SANCHETILALWANI & ASSOCIATES

 Partner

सत्य प्रतिलिपि

 पटल साहयक
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 फर्म सोसाइटीज तथा बिदस
 गाजिपाराद (पुणे)
 16/06/26

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5 Statutory Compliance

- The society has:
 - Not complied with certain statutory requirements such as:
 - Filing of returns
 - Conducting AGM within prescribed time
 - Appointment of Auditor not done properly as required in GBP
 - Minutes of meetings were **not properly recorded / approved**.

Risk: Legal non-compliance.

6 Procurement & Expense Approval BS election

- Expenses:
 - In some cases, **no proper approval or quotation process** was followed.
 - Work orders and vendor agreements were not documented.

Concern: Lack of financial discipline and transparency.

7 Internal Control System

- Internal control system is:
 - Weak and needs improvement.
- No proper segregation of duties observed.

Risk: Higher chances of fraud or mismanagement.

8 Statutory Deductions (TDS / GST if applicable)

- TDS:
 - Delayed deduction in some payments.
- GST compliance:
 - Not properly evaluated or filed on time

Exposure: Penalty and interest have been paid

9 Financial Statements

- Financial statements:
 - Do not give a true and fair view in absence of proper records.
 - Require adjustments based on audit observations.

For SANCHETILALWANI & ASSOCIATES

Sanchet

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पटल राणा
कार्यालय विप. रजि. कार.
फर्म सोसाइटीज तथा नि.स.
गाजियाबाद (उ०प्र०)
16/08/26

10 AUDITOR'S RECOMMENDATIONS

- Maintain proper books of accounts on real-time basis
- Ensure all expenses are supported by valid bills
- Monthly bank reconciliation must be prepared
- Strengthen internal controls and approval systems
- Ensure compliance with UP Act & bye-laws
- Regular recovery of dues from members
- Proper utilization and accounting of sinking fund

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11 AUDITOR'S REMARK

The audit has been conducted through test check, vouching, verification of records, and scrutiny of books of accounts as per applicable provisions of Income Tax Act and relevant UP Bye-laws.

For SANCHETILALWANI & ASSOCIATES

Sanchetilalwani
Proprietor

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सत्य प्रतिलिपि

पटल सचिवक
कार्यालय दिग्गज सचिवद्वार
फर्म सचिवद्वार तथा दिग्गज
गाजियाबाद (उ०प्र०)
16/06/26

12 SOCIETY DETAILS

The Amrapali Sapphire 2 AOA (referred to as the "Society") is a registered society under the provisions of the Society Registration Act, 1860

1. The Society for the tenured audit was done was governed by the Board consisting of below members, including:

- Shri D. P. S. Rajesh - President (अध्यक्ष)
- Shri Ravi Prakash - Vice President (उप-अध्यक्ष)
- Shri Vishwendu Rai Sharma - Secretary (सचिव) as on last day of AOA tenure
- Shri Pavneet Singh Anand - (Secretary for 11th July 2024 till 2nd March 2025)
- Shri Arun Barua (Treasurer (कोषाध्यक्ष)
- Late Shri Dushyant Gupta Member (सदस्य)
- Shri Ajay Shukla Member (सदस्य)
- Shri Ashok Kumar Gupta- Member (सदस्य)
- Shri Saurabh Gupta Member (सदस्य)
- Shri Rupesh Kumar Tyagi Member (सदस्य)

For SANCHETILALWANI & ASSOCIATES

Sanchetilalwani
Firm

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कार्यालय हिन्दी रजिस्ट्रार
फर्म संचेतलाल तथा चिदस
याजियाद (उ०प्र०)
16/6/26

13 COMPLAINTS

The audit scope includes various allegations against the Society and its board members, such as:

Filled to DR and copy as attached for detail - Key item covered below. For detail refer annexure

- 1) We have not received the handover of the following essential statutory records from Mr. DPS Project and his team:
 - a) Minutes of the Board Meetings
 - b) General Body Meeting (GBM) file

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- 2) The President issued flat transfer certificates for upto 65 Lakhs. However, the collected amount was not deposited in Fixed Deposits or saved for future use.

This has caused huge loss to the Association. Resident money has been siphoned off by the President by giving false work at inflated costs and without Annual Budget approval like Bathroom refurbishment work of 2 lakhs at a cost of 10 lakhs. This is serious financial misconduct, misappropriation of funds, and breach of trust and necessitates financial recovery

2) Irregular Removal of General Secretary and Unauthorized Financial Actions

In the first week of March 2025, it has been observed that a few members of the Board of Management (BOM) convened a meeting and proceeded to remove the General Secretary from his position.

Subsequently, the same group:

- Changed the authorized bank signatory
- Opened a new bank account in IDFC Bank without approval of General Body
- Began operating and managing the Association's financial transactions

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Opening of an illegal bank account with IDFC bank with false signatories with an aim to siphon off Society funds

- 3) There is a AOA bank account in IDFC Bank without GBM approval and complete quorum
 - 4) Non-Maintenance of Cash Book and Lack of Authorization of Cash Transactions
 - 5) Misappropriation of Ganga Water Deposit Funds and Non-Creation of Fixed Deposits
- Gross Financial Irregularity – Excess Expenditure Without Approval - As per the budget duly approved in the General Body Meeting (GBM), the total sanctioned expenditure for lift-related works was ₹66,00,000

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गाजिपुडाद (उ०प्र०)
16/06/25

For SANCHIT LALWANI & ASSOCIATES

Sanchit
Partner

However, it has been observed that the actual expenditure incurred towards lifts has exceeded ₹1,75,00,000, resulting in an unauthorized excess expenditure of more than ₹1,09,00,000.

Q8) Misutilization of Sinking Fund and Falsification of Financial Records

It is noted that a Sinking Fund at the rate of ₹0.20 per sq. ft. per floor per month was regularly collected from residents, with the clear intent of creating a long-term reserve fund for major repairs, replacements, and capital expenditure.

Irregular Award of Security Contract in Violation of Tender Conditions and Governance Norms

It has been observed that a tender was floated for appointment of a security agency with specific eligibility criteria, including mandatory prior government experience.

However, the tendering process and subsequent award of contract in February 2025 suffer from serious irregularities, as detailed below:

Legal & Fiduciary Breach

The above actions collectively constitute:

- Material alteration of contract without authority
- Unauthorized advance payments and financial mismanagement
- Acceptance of substandard goods causing asset damage
- Suppression of controls and audit trail
- Breach of fiduciary duty and abuse of position
- Possible siphoning and misappropriation of funds

Absence of Mandatory Documentation

- No valid tax invoice has been recorded for the transaction
- No e-way bill exists, which is mandatory for movement of goods beyond prescribed limits
- No GST input credit has been received or reflected in records
- No proper goods inward/stock entry has been made

14 Summary of Representation Submitted by Former Secretary

A written representation was received from the former Secretary, detailing serious governance and financial irregularities during the tenure of the President and certain office bearers.

Key points highlighted are as follows:

For SANCHETI LAL WARE & ASSOCIATES
Sancheti

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गाजियाबाद (उ०प्र०)
16/06/25

- The functioning of the Association was allegedly dominated by the President and select members, bypassing the collective decision-making of the Board of Management (BOM).
- Tenders and contracts were awarded without transparency, with allegations of favoritism, manipulation of tender conditions, and overcharging by selected vendors.
- Multiple committees were formed and operated without proper approval of the Board, and in several instances overruled decisions of elected members.
- There were allegations of financial mismanagement, including:
 - Payments without proper approval
 - Procurement at inflated prices
 - Lack of supporting documentation
 - Non-sharing of financial records and fund flow details
- An unauthorized bank account was opened, and society funds (maintenance and electricity charges) were allegedly diverted into the same without proper Board approval.
- Attempts were made to alter bank signatory controls and restrict access of certain office bearers to financial information.
- The removal of the Secretary was stated to be illegal and contrary to bye-laws, and was later declared invalid by the Deputy Registrar.
- Several complaints were filed before the Deputy Registrar and other authorities.

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15 Summary of Representation Submitted by Former Member

From: Ravi Prakash, Board Member, Amrapali Sapphire Phase 2 AOA, date 11th May 2026

Key Points:

Context: Written in response to an external audit ordered for FY 2024-25, as the previous AOA board failed to complete the Statutory Audit within their tenure.

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Ravi Prakash's Role: He served as Vice President but claims he was deliberately excluded from financial, administrative, compliance, and tender-related decisions, which were controlled by President Mr. DPS Rajesh and select members.

Committee Manipulation: After elections, the President allegedly ignored nominations and placed election-losers as committee convenors, sidelining elected members from oversight.

Financial Irregularities: A new IDFC Bank account was opened by the President, Treasurer (Mr. Arup Barua), and 3 others, removing signing authorities without broader board consent.

Improper Decisions: Several contracts were allegedly awarded without due diligence or proper board deliberation.

For SANCERETRYAL NO. 1643 10/11/25

Signature

सत्य प्रतिलिपि

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कार्यालय डिप्टी रजिस्ट्रार
फर्म सोसाइटीज तथा चिदस
गानियाबाद (ज० ११००)
16/06/26

- The functioning of the Association was allegedly dominated by the President and select members, bypassing the collective decision-making of the Board of Management (BOM).
- Tenders and contracts were awarded without transparency, with allegations of favoritism, manipulation of tender conditions, and overcharging by selected vendors.
- Multiple committees were formed and operated without proper approval of the Board, and in several instances overruled decisions of elected members.
- There were allegations of financial mismanagement, including:
 - Payments without proper approval
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- An unauthorized bank account was opened, and society funds (maintenance and electricity charges) were allegedly diverted into the same without proper Board approval.
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15 Summary of Representation Submitted by Former Member

From: Ravi Prakash, Board Member, Amrapali Sapphire Phase 2 AOA, date 11th May 2026

Key Points:

Context: Written in response to an external audit ordered for FY 2024-25, as the previous AOA board failed to complete the Statutory Audit within their tenure.

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Ravi Prakash's Role: He served as Vice President but claims he was deliberately excluded from financial, administrative, compliance, and tender-related decisions, which were controlled by President Mr. DPS Rajesh and select members.

Committee Manipulation: After elections, the President allegedly ignored nominations and placed election-losers as committee convenors, sidelining elected members from oversight.

Financial Irregularities: A new IDFC Bank account was opened by the President, Treasurer (Mr. Arup Barua), and 3 others, removing signing authorities without broader board consent.

Improper Decisions: Several contracts were allegedly awarded without due diligence or proper board deliberation.

For SANCHITILAKH

Sanchitilakh

सत्य प्रतिलिपि

पटन सहायक
कार्यालय डिप्टी रजिस्ट्रार
कर्म सहायकी तथा चिदस
मालिकादार (नं० १०००)
16/06/26

From: Saurabh Gupta, Board Member, Amrapali Sapphire Phase 2 AOA, date 10th May 2026

Key Points:

Context: Written for the external audit ordered by DR, as the previous AOA Board failed to complete the statutory audit before vacating office on 12 October 2025 after losing elections.

Distancing from Decisions: Saurabh Gupta clarifies he was not responsible for compliance, financial, administrative, or tender-related decisions, which were controlled by President Mr. DPS Rajesh and select office bearers.

Centralized Control: The President unilaterally formed committees, ignoring inputs from other Board members and residents, using them to control vendor selection, tenders, and contract awards.

Tender Irregularities: Objections were raised against the Security Tender and Inn4Smart Tender for non-compliance, but both were forcefully awarded under the President's influence.

Financial Misconduct: President and Treasurer Mr. Arup Barua opened a new Bank account without proper Board approval, bypassing Secretary Mr. Pavneet Singh Anand. The Secretary was subsequently removed and replaced by Mr. Vishwendu Rai.

Independent Complaints: Saurabh Gupta had separately filed complaints with the DM and DR about irregularities and publicly distanced himself from the Board's actions.

For SANCHETI
Sancheti

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घराना सहायक
वार्डमैन विजो रजिस्ट्रार
फार्म २ काउन्सिल तथा विद्वत्
गाजपुराद (उ०प्र०)
16106128

AUDIT STEPS

The team was tasked with investigating the affairs of the Society to analyze its financials.

- The audit was conducted using a sampling method due to the impracticality of checking or verifying all transactions within a short timeframe.
- It was not within the scope to investigate the involvement of family members or relatives of the Board of Management in contracts or vendor companies. However, significant vendors were independently checked. Many vendors are registered as proprietorship.
- To facilitate a comprehensive report, the team worked from the society office for few days and out of office as and when required, focusing on specific areas of work.
- The team began by scrutinizing and analyzing various documents and records available at the Society's AOA office. This included financial statements, statutory records, ledger accounts, vouchers, registers, bank statements, and other relevant documents.

The step-wise actions taken by the team for the audit are as follows:

- Initially, all secretarial, accounting, and administrative records, including books of accounts and statutory records, were inspected, and photocopies of necessary documents were obtained. Personal visits were made to the Society's premises for this purpose.
- Cash handling procedures, vendor selection, and approval of expenses were scrutinized on a sample basis, along with reviewing board minutes related to these processes.
- Vendor bills/contracts for significant vendors like Gravity and Gazel were scrutinized.
- The audit team conducted interviews with Board members, society employees, and contractor employees to form their audit opinions.

Throughout these steps, the audit team collected various documentary proofs and sample copies to substantiate their work and the observations made in the report, addressing specific allegations.

Verification of Methodology:

- Initially, desk-based analyses and reviews of records categorized details into various transactions.
- Information from third parties was used to verify transactions and gain better insights, followed by actual visits to the registered office.
- Statements from employees and board members during interviews helped corroborate various transactions.
- For transactions requiring further investigation, in-depth analyses included office visits and verification of document authenticity with third-party records. Roles and responsibilities of managerial staff and employees were determined transaction-wise.

Sancheti

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16 VENDOR VERIFICATION

For sample a vendor BS electrical was selected.

1. Three bids/quotations and comparatives were not made available for BS electrical
2. No GBP approval or board meetings MOM was provided for selection
3. Advance payment was made however there was mismatch on payment made and goods procured

On selection of other major vendor like Security and Housekeeping no comparative available for selection process.

16.1 Other Vendor Selection

- Vendor selection requires a comprehensive analysis followed by approval from board members to process contracts. An exception process may be followed if approved by the Board and residents. Based on sample testing, it was observed that, for some vendors categorially for small purchases less than for Rs. 1000 either three quotations were unavailable due to impracticality for small purchases.

For SANCHIT LALWANI & CO. PROPRIETOR
Sanchit

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17 CASH, COMPLIANCES AND ACCOUNTING ISSUES

- Clause 49 of the by-law's limits cash expenses to INR 2,500/-. However, expenses exceeding INR 2,500/- were made in cash, which breaches the by-law clause.

It has been observed during the course of audit that cash expenditures exceeding INR 20,000/- were incurred.

Although such expenses were stated to be approved by the Board, no documentary evidence of such approvals was made available for verification. Further, the cash register was not properly maintained, as it lacked signatures of authorized officials and supporting approval records. No evidence of periodic cash verification or internal audit of cash transactions was provided.

In absence of proper documentation, approvals, and verification procedures, the audit team is unable to ascertain the accuracy and legitimacy of cash utilization. The possibility of misuse or misappropriation of cash funds cannot be ruled out.

As per the provisions of the Income Tax Act, 1961, Section 40A(3), any expenditure exceeding INR 20,000/- made in cash may be disallowed, subject to specified exceptions under Rule 6DD. No such exceptions were substantiated during the audit.

Recommendation: The Board is advised to prepare a detailed cash flow statement, implement a robust approval and documentation system, conduct periodic cash verification, and initiate an independent audit of cash transactions. Cash transactions should be minimized and routed through banking channels to ensure compliance with applicable laws and strengthen financial controls.

- The cash register was not properly maintained, as it did not contain:
 - Signatures of authorized officials
 - Approval markings for entries
- No records of cash verification or physical cash checking were made available.
- There was no evidence of internal audit of cash transactions.

18 Non-Compliance

- Cash transactions above permissible limits and without proper authorization indicate non-adherence to financial discipline and governance norms.

For SANCHETI & ASSOCIATES

Sancheti

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- Absence of signatures and approvals reflects weak internal control system.
- Lack of cash verification and audit raises concerns regarding accuracy and authenticity of cash transactions.

19 Implication

- In the absence of proper records and verification, it is not possible to ascertain whether cash has been properly utilized.
- Possibility of misuse or misappropriation of cash cannot be ruled out.

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20 Auditor's Recommendation

- A detailed cash flow statement should be prepared and reconciled with books of accounts.
- The Board should ensure:
 - Proper approval mechanism for all cash expenses
 - Signatures and authorization in cash book
 - Periodic physical cash verification
- An independent/internal audit of cash transactions should be conducted immediately.
- Cash transactions should be minimized and routed through banking channels in compliance with applicable laws.
- Applicable Legal Provision
- As per the Income Tax Act, 1961:
- Section 40A(3) provides that:
- Any expenditure in respect of which payment exceeding ₹20,000 is made in cash shall not be allowed as a deduction, subject to prescribed exceptions.

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Demuel

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- Further, Rule 6DD specifies limited exceptions, however, no such ~~so far as~~ ^{सोसाइटी रजि० अधि०} ~~documentation or documentation was~~ ^{यह प्रपत्र सोसाइटी रजि० अधि०} provided during audit. ^{1860 के अन्तर्गत पंजीकृत} ^{नहीं है पत्रावली पर उपलब्ध है।}

20.1 Audit Remark (Strong Line)

Due to absence of proper records, approvals, and verification, the authenticity of cash transactions cannot be established.

Sanchi

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21 ELECTRICITY CHARGES REVIEW

- Investigations into electricity and diesel generator (DG) billings have also revealed a discrepancy, with expenditures on diesel procurement exceeding the receipts from resident payments. Upon preliminary examinations it is found that the association has been charging for DG per unit less than the actual expense per unit. Stock register attached in annexure sample bill with market rate of diesel was checked which is inline

Highly Recommended

Board should conduct electricity Audit once a year to ensure accurate collection of electricity charges is recovered from residents. In case any outstanding balance due to default meter or any other reason, a written letter should be issued as per by laws for recovery of dues from residents.

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22 ANY OTHER BUSINESS

Other Income Heads

During the audit of revenue items, including other income, it was observed that multiple revenue heads are maintained in the ledger, and all revenue items are recorded in an ad-hoc manner. Club charges are collected separately and in addition to Common Area Maintenance (CAM) charges, as noted in the Board resolution. Canopy charges, festival collections, and other social activity collections are recorded in the Social Fund account. Auditors conducted a test check of these transactions and found that all incomes were recorded under the appropriate sub-heads.

Maintenance (CAM) accounting is performed on a cash basis rather than on an accrual basis. It is advised that the association maintain proper books of account with separate heads for each source of income and expenses. There have been many defaulters for more than 6 months for which a notice has been sent by AOA. Refer annexure.

22.1 Disclaimer

Basis for Opinion

Since the internal audits for the years ending 2022-23 and 2023-24 have not been completed, our audit was conducted based on unaudited figures. We performed our audit in accordance with the Standards on Auditing (SAs) issued by the ICAI. Our responsibilities under these standards are detailed in the Auditor's Responsibilities section of our report. We maintained our independence in accordance with the Code of Ethics issued by the ICAI and have fulfilled all other ethical responsibilities accordingly.

The financial statements and supporting documents are the responsibility of the society's governing body. We believe that the audit evidence we obtained is sufficient and appropriate to form the basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparing the financial statements in accordance with the By-Laws and for establishing internal controls necessary to ensure the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management also assesses the entity's ability to continue as a going concern, discloses relevant matters related to going concern, and uses the going concern basis of accounting unless management intends to liquidate the entity, cease operations, or has no realistic alternative.

Those charged with governance oversee the entity's financial reporting process and overall performance.

Auditor's Responsibilities for the Financial Audit:

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement and to issue a report that includes our opinion. Reasonable assurance is

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assurance but does not guarantee that an audit conducted in accordance with Standards on Auditing (SAs) will always detect a material misstatement or fraud if it exists. Misstatements can arise from fraud or error and are considered material if they could reasonably influence the economic decisions of users based on these financial statements.

Our opinion is based on sampling and conducted within a limited time frame. This report provides our opinion based on the checks performed on the records of the association.

For SANCHIT LAL...

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23 AUDITOR'S OPINION

Based on our audit procedures, examination of records, and information provided to us, we express an ADVERSE OPINION on the financial and administrative functioning of the Association for the financial year 2024-2025.

Due to:

- Non-availability of complete records and supporting documents
- Significant weaknesses in internal control systems
- Instances of non-compliance with applicable bye-laws and statutory provisions
- Lack of transparency in financial transactions and approvals

the financial statements and records do not present a true and fair view of the affairs of the Association.

Further, several serious irregularities, including unauthorized bank accounts, diversion of funds, and non-maintenance of statutory records, were observed during the course of audit.

Sanchez
Proprietor

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24 RESPONSIBILITY FIXING

Based on audit observations and available records, the following responsibilities are indicated and proposed by auditor to AOA:

- Unauthorized financial decisions and approvals
- Opening of bank account without approval of General Body
- Alleged diversion of funds
- Non-compliance with bye-laws and governance norms
- Handling of financial transactions without proper documentation
- Lack of transparency in fund utilization
- Involvement in vendor selection without due process
- Unauthorized resolutions
- Failure to ensure proper governance and compliance

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Note: The above points are based on audit findings and representations received, and are subject to further investigation and confirmation by competent authorities.

[Signature]
Proprietor

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25 ANNEXURE – EVIDENCE & DOCUMENT REFERENCES

The audit observations are supported by the following documents and evidence:

1. Bank Statements and Account Opening Documents
 - Evidence of unauthorized bank account (IDFC Bank)
2. Vendor Bills and Payment Records
 - BS Electricals and other vendor invoices
 - Payment mismatches and inflated billing samples
3. Cash Register and Vouchers
 - Unsigned cash book entries
 - Missing approval records
4. Minutes of Meetings (where available)
 - Incomplete / unsigned minutes
 - Absence of GBM approvals
5. Complaints Filed Before Authorities
 - Deputy Registrar notices and correspondence
 - Written representations by former Secretary and members
6. Communication Records
 - Emails / WhatsApp communications evidencing disputes and objections
7. Supporting Audit Working Papers
 - Sample verification sheets
 - Physical verification notes

All annexures are attached separately in hard copy / digital format for reference.

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For Signature
M. No 513136

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