

To
The Executive Secretary
H.H.Shri Mataji Nirmaladevi Sahaja Yoga Trust
New Delhi

9th Sep 2010

Dear Sir,

Sub: Your letter to us regarding Pointwise reply to Audit Observations

Ref: Our visit on 8th & 9th Sep 2010 for Chhindwara Audit as fixed by you

With reference to the above, we have to state as follows :

We regret that the Treasurer did not cooperate with the actual audit working and only gave verbal assurances for compliances without any supporting documentary evidence

We are also charged with making false audit observations and are hence giving our queries below with supporting photocopies of the records made available to us.

(Please read our statements alongwith your pointwise replies)

- 1) We have not received any copy of the minutes in which proper & specific authorisation to operate bank account at Chhindwara is required
- 2) We accept that Mr Dinesh Rai was authorised as Project in charge for the Chhindwara project. But there is no definition of the extent and authority of his delegated powers . Did it include financial decisions ? No documents were produced before us. From all the books of accounts, we are unable to verify the person authorised to pass bills, make payments, sign the cheques, sign the vouchers, & upto which limit. No clarifications are forthcoming
- 3) The Budget may be approved by Chhindwara Committee but no copy of approval by the National Trustees in their Trust meeting was available to us. No projections of the detailed budget are available.
- 4) During our audit visit to Chhindwara and also subsequent audit visit to Delhi the quotations & tenders were not made available. There is no reference number on any bill of any quotation or tender if they so exist.
- 5) Register of Donation Receipt books issued to all coordinators may be maintained but there is no control over used receipts, unused receipts, and cancelled receipts or receipts issued on bounced cheques at the different centres
Donation in kind was received from LET New Delhi to tune of Rs 16 lakhs, as admitted by you . However no details of the donation were made available to us . Donation in kind was received in Chhindwara. But there is no records maintained.
Scrap money on Sale is nowhere mentioned . So no control on other receipts or incomes.
Example of register of Donations maintained at Chhindwara : photocopy enclosed. There is a jump from Receipt no: 88 to 1701 and jump from 1750 and jump to 1951 with no clarification . We request proper tallying of receipts books printed, issued, utilised and balance unutilised .
- 6) We accept your word that there are no box collections at Chhindwara as upto now. However reports from many Sahaja Yogis confirm cash collection or donations taken without issue of any receipt.
- 7) There seems to be no control over the donations declared in International Puja for the Chhindwara Project and those actually collected. Kindly explain from the enclosed photocopies where these foreign collections from Ukraine & in foreign currency in USD & Euro's are deposited and what accounting entries have been done in their regard.
- 8) We accept the details of Property purchased at Chhindwara. However photocopies of the property purchase deeds were never made available to us. We would like an explanation as to why the land which was non productive and no water level neither road touch, was yet purchased at an extremely higher price than the then prevailing market prices . We request details of mode of payments made to the land sellers.
- 9) Soft copy of books of accounts were not made available. And in hard copy there was a difference in trial balance for FY 2007-08 of Rs 27,94,372 closing balance, and Rs 53,372 difference in opening balance of Trial Balance for FY 06-07 and no reply or explanation was forthcoming so the accounts could not be relied on .

- 10) Neither during our audit visit at Chhindwara nor at Delhi were the completed Assets registers made available to us
- 11) The file was not made available to us
- 12) We hope the log book tallies with the fuel consumption . Kindly make the log book available. Photocopy of a bill for Fuel for generator of Rs 49,000 is enclosed
- 14) Tallying of Fixed assets register with actual assets on site and bifurcation of site development with actual asset creation required. No reply given by you.
- 15) We accept the explanation which is also related to point no:8, and TDS provisions are applicable in this case also.
- 16) As per point 17 extra payment is made to parties or double payment for the same bill, was due to no proper party wise accounts maintained.
- 17) The payment may be written off only after legal action is taken for recovery
- 18) It is evident Trust has not taken timely action
- 19) Personal assets of Shri Mataji should not be recorded in assets register of the Trust and kept separate and may please be shown to us
- 20) We accept the explanation and hope action is taken accordingly
- 21) Audit is conducted after closing of accounts and the difference should not have been there in the first place. The difference gives rise to a doubt of accuracy of books of accounts.
Soft copy of books of accounts were not made available. And in hard copy there was a difference in trial balance for FY 2007-08 of Rs 27,94,372 closing balance, and Rs 53,372 difference in opening balance of Trial Balance for FY 06-07 and no reply or explanation was forthcoming so the accounts could not be relied on .

Specific Queries

These errors give rise to doubt on internal control on incurring & authorising of expenditure.

General Observations

- 1) Explanation given is baseless. Standard accounting procedure is that all vouchers should be signed by receiver & authorised by concerned person. Almost all vouchers were signed by Bakliwal with no receivers signatures. Enclosed are photocopies of a few samples

Rent to Sheela Srivastava	Rs 10,000	No signature of receiver	19\11\06
Rent to Sheela Srivastava	Rs 10,000	No signature of receiver	17\11\06
Payment to Babulal	Rs 20,000	No signature of receiver	19\11\06
Payment to Babulal	Rs 20,000	No signature of receiver	17\11\06
Payment to Nandkishore for Aluminium	Rs 21970	No signature of receiver	01\11\06

Enclosed bill of Rs 48,71,227 from Mr Paghadal is in the name of Mr Bakliwal, unsigned by the contractor, and there is no Architects certification. We have received only an advance detail of Rs 7 lakhs to Paghadal. We request details of further payments to him under proper authorisation and the agreement of appointment with terms.

Enclosed annexure A with list of queries and specific vouchers requiring compliance. Payment made twice of Bill no: T/9PRI/01 dated 3\3\2008 Rs 28,090 Bansal Engg vide Cheque no: 000 696 & Chqe 000 697 for same Bill. Hotel Satkar Rs 15,000 paid in cash for Travelling A/c, No details available

Enclosed annexure B is a sample of bills and vouchers as proof of various discrepancies

- 2) During our Delhi audit visit we had shown on test basis vouchers with no supporting documents and this was verified by accounts team.
- 3) Neither during our audit visit at Chhindwara nor at Delhi were the completed Stock registers made available to us

Following purchase of material for site development may please be shown where they are reflecting in stock register.

Date	Material supplier	Material	Quantity	Value
7\12\06	Sharad Traders	Steel	126 rods	18,648/-
11\12\06	Sharad Traders	Steel	3246 kg	98778/-
1\2\2007	Patni Steel	Steel		14178/-
2\2\2007	Patni Steel	Steel		35313/-
27\3\2007	Patni Steel	Steel		10785/-
8\3\2007	Surabhi Mktng	Cement	100 bags	18800/-
12\3\2007	Surabhi Mktng	Cement	50 bags	9900/-

We request Stock Register to be tallied with financial accounts

- 4) We accept the breakup for the costing of the shrine linga ashram, meditation hall, but as there were no corroborative details available, we had asked for objective certification from architect of the project valuation.
- 5) Bank reconciliation file was not made available to us
- 6) We accept the explanation given. However Cash transactions are not as per legal requirements. We are also giving photocopies of bearer cheque payments in addition to cash payments. These too are disallowed by I Tax Act
- 7) No explanation given on this point
- 8) Commission was given for arranging daily labour & hence Labour Contract provisions apply, & TDS is applicable. No TDS was deducted on hiring of JCB & Vehicles. Photocopies enclosed of such transactions
- 9) Capital Expenditure of Rs 30,28,000 was on the Trust land and cannot be appropriated to Sahaja Yoga Mahotsav nor can it be written off as revenue expenditure. Your reply admits that this is an adjustment and shown as International Seminar whereas all expenses are of Capital nature. This is wrong as per Accounting standards and income tax.
- 13) This may have serious repercussions in future as capital expenditure has been shown as revenue expenditure.
- 10) Neither during our audit visit at Chhindwara nor at Delhi were the completed Assets registers made available to us