

INTERNAL AUDIT REPORT ON THE ACCOUNTS OF JVV HOWA HYDERABAD FOR Q2 – FY 20-21
(Nov 2020, Dec 2020, Jan 2021, Feb 2021 and Mar 2021)

NAME OF THE INTERNAL AUDITORS:

1. **MR. M PARDHA SARADHI**– Director State Audit (Retd.) – DU 305 JVV
2. **Ms. Swapna Jaladi** – B.Com MBA – Asst. Director, EY India – DU 81 JVV

The time taken for Audit: 16 May 2021, 22 May 2021, 05 Jun 2021, 19 Jun 2021, 26 Jun 2021 and 11 Jul, 2021.

The internal audit on the accounts of JVV HOWA Hyderabad has been taken up by M. PardhaSaradhi and Swapna in pursuance of letter No. JVV HOWA / HYD/2020-21/Lr No.12 dated 12 November 2020. The internal audit report for the first quarter was submitted on 13 December 2020. The internal audit report for the period 07/2021 to 10/2021 was submitted on 02 April 2021. This internal audit report is in continuation of the Internal Audit Report submitted on 13 December 2020/02 April 2021. The Period of the report is from Nov 2020 to Mar 2021. The internal audit for 2020-21 since completed.

1. The defects / deficiencies pointed out in previous reports and present report may be acted upon and the accounts may be cleaned accordingly before submission of annual accounts for statutory audit.
2. The deficiencies pointed out in the previous internal audit reports may be acted upon and defects rectified in maintaining the accounting records. Such action is required to inculcate accounting discipline. Action may be taken to rectify the defects in the books of accounts and prepare clean and clear accounts for the Accounts of JVVHOWA.
3. Defective vouchers were listed in the annexure enclosed for Rs. 439770.00. The defects pointed out are ranged from No original bills are attached to the vouchers, stock entries are not considered, acknowledgements not obtained, work / service details are not furnished, multiple payments were made for the same person in addition to regular payments. Action may kindly be taken to rectify the defects and set the proper accounts before submission of accounts to External Audit.
4. Service workers are engaged in civil and other miscellaneous works and daily wages are paid. Previously it was pointed out that such daily rates be fixed and get approved by the BOM and follow those fixed rates in Service payments. The approval of daily wages for service workers may be kindly be finalized.
5. Payment of excess Bonus: Bonus for year 2019-20 (festival year) was paid to S.K.Chand, Plumber for Rs. 11,600 may be rectified as suggested.
6. Payment of Medical expenses to the Gardener Rs.5468/-: An amount of Rs. 5468 was drawn in Voucher No. 569 dated 6-Aug-2020 and paid to Subba Rao (Gardener) narrating the amount is reimbursement of medical expenses for the injury sustained by him during the duty. It may be rectified.
7. Maintenance of Registers: The following registers would need to be maintained in Standard Format or in suggested Format.
 - i) Fixed Assets Register.
 - ii) Advances Recoverable Register

- iii) Separate Consumable Registers for Purchase of Hospitalities from M/s Mahalakhmi Stores, Stationery, Sand and Cement.
 - iv) Tool and Plant Register/Furniture & Fixtures
8. Surcharge @ 4% on TDS needs to be deducted along with TDS. Further TDS would need to be deducted on payments made to CCTV maintenance charges as annual payment exceed Rs 50000/-
 9. Donations for Dassara/Deepavali were paid to Security staff. Can security staff be paid extra beyond agreement amount? Can donations be made to staff? Was it festival gift? No approval of BOM was shown for this extra ordinary payment. Payment was made on vouchers 941,942,943,944,945,947,948 and 952. Why so many vouchers? They can be made in one Voucher. Work can be systemized and use of multiple vouchers may be avoided. Similarly vouchers 1078, 1079, 1084,1085,1089,1090 and 1092 can be booked in one voucher.Similarly vouchers 1112, 1118, 1119, 1134 and 1135 can be booked in one voucher.Similarly vouchers 1122, 1123, 1124, 1167 and 1171 can be booked in one voucher.Similarly vouchers 1117,1120,1126,1128, 1131, 1137, 1138, and 1139 can be booked in one voucher.
 10. Laborers are being paid multiple payments for multiple works. Additional payments can be regularized into one consolidated bill for a month for all the workers. These vouchers are 919,920,921 and 922 of Nov 2020.
 11. Rs 20000/- and 5000 (Vr 1125) was paid as Advocate Retention fee. Very large institutions/commercial undertaking will resort to go for standing councils. Payment of Advocate retention by resident association may not be prudent.
 12. Payment of OT charges to Office Supervisor needs review as super cannot be equated with workers. Supervision at higher pedestal.
 13. Reimbursement of cell phone charges is being done. Bills are not coming regularly. It is not known whether reimbursement of cell phone charges is approved by BOM or not. Vr 1075 Rs 1498/- paid to Raju.
 14. Rs 49000/- worth of materials for CCTV cameras and Materials. No quotations are called for better price, quality and warrantee.
 15. The following remarks already forwarded may also be read as part of this report.

Remarks

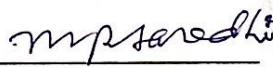
- i. Significant short fall in collection of maintenance charges at 7%. When accrual system of accounting followed the significance is even more.
- ii. Changes in water charges and water expenses are very significant. Water charges are very much less in 19-20 when compare with 20-21 where charges are much more than expenses
- iii. Shortfall in collection of non-members' income is 37% for which reasons may be probed
- iv. Shortfall in realisation of interest in FDR is 94% for which reasons may be probed
- v. No expenditure on CCTV charges shown in 20-21 against expenditure of Rs 38400/- in 19-20. This may be glaring omission
- vi. No expenditure on depreciation charges shown in 20-21 against expenditure of Rs 855952/- in 19-20. This may be glaring omission
- vii. Significant increase in incurring of labour charges at 112%. When accrual system of accounting followed the significance is even more.

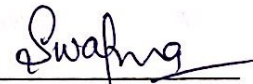
- viii. Why increase in payment of property charges by Rs 3287? Corresponding increasing assets not reported to concur.
- ix. Significant increase in incurring of SMS alert charges by 21%.
- x. Significant increase in website maintenance charges by 141%. Total income is decreased by 16% and total expenditure is decreased by 18%. That is lesser activity.

Fixed Assets	5587411	6004501	417090	7
Investments	14631031	16593404	1962373	13
Current Assets	3679950	2661752	-1018198	-28
Total Assets	23898392	25259657	1361265	6
Capital Account	21028347	22449531	1421184	7
Current Liabilities	1007264	1060894	53630	5
Excess of Income	1862781	1749232	-113549	-6
Total Liabilities	23898392	25259657	1361265	6

- a. Non-realisation of interest income and not accounting for of depreciation has their impact on Balance Sheet
- b. Decreasing Current Assets and increasing investments will not explain the variation in BS

16. Encl: List of vouchers pointing out the defects for Rs. 4,39,770.00


M. PARDHA SARADHI


SWAPNA JALADI

Submitted to President, JVVHOWA, Hyderabad for necessary action

S.No.	Voucher #	Amount	Purpose	Objection
1	933	1650	Water curing charges at Siva Parvathi gate and bus stop	Appears double payment
2	934	1650	Water curing charges at Siva Parvathi gate and bus stop	Appears double payment
3	936	9440	purchase of tree cutting machine	no stock entry
4	939	2300	purchase of finger print senser	no stock entry
5	953	2250	purchase of water pipe for garden	no stock entry
6	978	1830	purchase of water pipe for garden	no stock entry
7	967	0	purchase of stationery	no stock entry
8	972	16420	purchase of 10 water meters	no stock entry
9	973	1900	purchase of tree cutting machine	no stock entry
10	974	1500	purchase of chain saw	no stock entry
11	975	3700	purchase of valves	no stock entry
12	1048	38000	water tank cleaning charges	quotation not called for
	1077	22000	water tank cleaning charges	quotation not called for
13	1047	9000		quotation not called for Paid to some body else
14	1010	3667	Salary to gardener Chandramouli	without authorisation
			offices expenses, hospitality charges, watchman	
15	1018	10393	charges clubbed together	
16	1068	800	AG Hall Supervision charges paid to Raju	Appears extra payment
17	1094	100	no receipt	no receipt
18	1100	15000	no receipt	no receipt
19	1105	8262	kirana & general stores	no details
20	1111	8000	Insurance	no policy document
21	1180	350	purchase of cement	no stock entry
22	1181	100	purchase of cement	no stock entry
			purchase of amplifire and loud speakers for	no quotations, no stock
23	1282	49900	AGNo	entry
24	1279	5618	purchase of eletrical light	no stock entry
25	1276	2900	purchase of brooms	no stock entry
26	1239	1960	purchase of cement	no stock entry
27	1275	1165	purchase of registers	no stock entry
28	1234	12600	purchase of sand	no stock entry
29	1232	3000	purchase of bricks	no stock entry
30	1265	1700	office building repairs	peicemeal payments
31	1270	1700	office building repairs	peicemeal payments
32	1263	1500	office building repairs	peicemeal payments
33	1262	1700	office building repairs	peicemeal payments
34	1259	1700	office building repairs	peicemeal payments
35	1240	1800	office building repairs	peicemeal payments
36	1236	1700	office building repairs	peicemeal payments
37	1212	106190	in advance security payment	cash payment instead of cheque
38	1210	1500	valve repairs	no vocher

39	1209	3400 key hanging board	no expenditure particulars
40	1273	20178 waste maintenance	no expenditure particulars
41	1272	39000 tally customisation	
42	1199	15500 purchase of water meters	advance payment
43	1194	6747 purchase of milk	no expenditure particulars
Total		439770	