

C I R C U L A R No. 109

Subject: - Inspection of Public Trusts – Instructions regarding.

The question of taking up the work of inspection of public trusts with a view to improving and ensuring their effective and efficient working was considered at the Third Conference of the Officers of the Charity Organisation held in July 1958 and it was decided that such inspections would prove useful. The following instructions are accordingly issued for the purpose of inspection of the public trusts and the institutions run by them by the Regional Officers registered in their Regions for this purpose :-

- (a) the Regional officers should themselves conduct the inspection of the public trusts ;
- (b) the Regional Officers should take up the public trusts having an annual income of Rs. 20,000 or more in the case of Greater Bombay Region and of Rs. 10,000 or more in the case of other regions for inspection;
- (c) the preliminary information necessary should be first obtained by the Regional Officers by correspondence or through their Inspectors or from the office records ; it should, if necessary, be verified at the time of inspection;
- (d) at the time of inspection, the Regional Officers should see that the inspection does not create an impression of undue interference in the internal affairs of the trust;;

- (e) the inspection should be carried out by the Regional Officers during the course of their tours in respect of the trusts situated at or near about the places where they are camping ;
- (f) the programme for inspection should be chalked out well in advance and this should indicate the names of public trusts of public trusts which the Regional Officers propose to inspect;
- (g) in view of proviso to Section 37 of the Bombay Public Trusts Act, 1950 no surprise visit should be paid to the trusts;
- (h) proper notice should be given to the trustees of the proposed visit and during the course of inspection, no harassment should be caused to the trustees. There should also not be any impression of bossing;
- (i) while no particular days for inspection are prescribed, the minimum number of trusts which should be inspected by the Regional Officers should be at least two to three trusts a month;
- (j) on completion of the inspection, a complete note of inspection should be sent to the Charity Commissioner;
- (k) if as a result of the inspection, it is considered necessary by the Regional Officers to issue any directions to the trustees, they may do so under intimation to the Charity Commissioner, who should be kept informed of the result of such directions from time to time; correspondence with regard to the directions given should be kept

with the questionnaire and answers with the Record and Proceedings;

- (l) the points for inspection shall be as in the enclosed questionnaire . All the questions therein should be answered as definitely as possible and three typed copies thereof prepared, one to be sent to the Charity Commissioner immediately after the inspection is complete, one to be kept in the office of the Regional Officer, in a separate file, called the Inspection File, and one with the Record and Proceedings.

2. Each Regional Officer should prepare a complete list of trusts mentioned at (b) above and submit a copy thereof to the Head Office. Such list should contain the name, the registration number, the class (i.e. Hindu, Muslim, Parsi, etc.) the approximate annual income and its serial number in the Director, if it is shown there.

Sumant C. Bhat
Charity Commissioner, Bombay.

Dated : 31st March, 1959.

QUESTIONNAIRE

Points to be answered and taken into consideration by the Regional Officers while inspecting the Public Trusts

(**NOTE:** The questions and sub-questions whose numbers are underlined could be ascertained and prepared by the office from the record or by questioning the trustees before the actual inspection by the Regional Officer.)

1.	What are the objects of the trust?
2.	Whether they are properly carried out? Is the working satisfactory?
3.	If there are several objects, whether some objects are being altogether neglected.
4.	Inquire – (a) If there is an instrument of trust and (b) If so, whether the management is in accordance with the several directions made therein.
5.	See if --- (a) the maximum and minimum number of trustees maintained and (b) if necessary examine the minute book. ‘Very often trustees carry on with the remaining trustees after the death or retirement of other trustees. They find it convenient in their interest to do so. Working the trust by a sole trustee (unless so directed by the instrument of trust) should be scrupulously discouraged and steps should be taken to discourage the same’.
6.	If the minimum number of trustees is not maintained early steps be suggested and taken to have that number.
7.	Inquiries should be made to find out if the trustees are related or closely connected with each other, particularly in Muslim trusts where this tendency appears to be rampant.
8.	Particularly if the trust has a large income, steps should be taken to have the maximum number of trustees, and if the importance of the trust or its income has augmented after its creation, care should be taken even to have the maximum number enlarged.

9.	<p>Examine :</p> <p>(a) if there is a paid manager or Nazir</p> <p>(b) if paid, id his remuneration in keeping with his work;</p> <p>(c) is he related to the trustees: Whether large amounts remain on his hand :Whether he has given security;</p> <p>(d) in case the income of the trust which he realized is more then Es. 100 per month trustees should be asked to take security from him for an amount which is at least twice the average annual income</p>
10.	Are receipt books , accounts and minute books properly maintained ?
11.	Are meetings regularly called and attended ? (This should be seen to examine if one or two trustees alone are not carrying on the management and the other trustees are merely dummies .)
12.	<p>a) Are the objects out-dated ?</p> <p>b) Do they require to be changed ?</p> <p>c) If yes , take the sense of the trustees: are they agreeable (Make your suggestions, keeping in mind the trend of thought of the trustees and the local needs</p>
13.	<p>a) Is there a Scheme ?</p> <p>b) If not, is a Scheme necessary? (In all important Temples, Mosques, Dargas, it is desirable to have Schemes framed. If the framing of a scheme is through desirable , inquire if two relators are forthcoming ; if yes, take their names, addresses etc. and their consent in writing</p>
14	See if the trust properties are well maintained and properly preserved.
15	<p>a) Are the immovable properties kept in repairs and properly maintained ?</p> <p>b) Are the properties insured ? (In big cities , there is a tendency to give properties on lease and licence basis ; at the end of the licence period the Managing Trustee makes unlawful gain. This should be discouraged)</p>
16	Are the ornaments and valuables physically verified by the Regional Officer ? (It is necessary to physically verify the valuables and ornaments in temples in particular; check them

	once in a while, get them valued , if they are not recently get a complete list giving full description and particulars regarding the name, nature, description weight, size, etc of the ornaments (so that they could be easily identified) in a bound book and have the list signed by all the trustees who should be asked to show the list to the auditors , while auditing accounts)
17.	Are adequate measures taken for the safe custody of ornaments and valuables ? (See that proper precautions are taken for their safe custody; make the necessary suggestions for ensuring their safe custody e.g., asking the trustees to keep a safe a strong room locker etc. If the ornaments are very precious or rare, see if they could be insured.)
18	In temples, are there proper facilities for Darshan; Puja etc. Is there any harassment from Pujaaris, Badves, Utpads or others ?
19.	Are offering Boxes put in a conspicuous place ? Are they properly locked or sealed ? (Wherever necessary , boards should be required to be put in a prominent place the offerings made to the deity should be put in the collection box.)
20.	Wherever the income from the collection boxes is large, there should be proper provisions for having two locks and the boxes being opened in the presence of a responsible Revenue or other Officer or person. In such cases the keys of one of the locks should remain with such officer or person.
21.	Where the public takes advantage of and examined from time to time by the Regional Officer .
22.	Are the trustees directly or indirectly deriving benefit from the trust ?
23.	Are trustees men of means ? Do they possess immovable property or run a business or profession ? In how many other trusts, are the trustees or any of them, trustees or managers.
24.	Were or are any proceedings taken against the trustees under Sections 38,39 or under any of the Penal clauses of the Bombay Public Trusts Act or any other Act ?

25.	Is it necessary to ask the trustees to take directions from the Court on any points ?
26.	(a) Are there other trusts with the same or similar objects in or about the place. (b) Is it necessary or expedient to amalgamate the trust with any other trust ?
27.	(a) Are accounts properly maintained ; are accounts properly and regularly audited and statements regularly submitted ? (b) Were any prosecutions filed, for non submission of accounts in time, or for not maintaining accounts ?
28.	(a) Are the audit reports clean ? (b) If any irregularities are observed by the auditors or our Department, early steps should be taken to see that they are set right ; follow up action is necessary.
29	Are the expenses in proportion to the income ?
30	(a) Are the investments in accordance with the provisions of Law ? (b) Has any of the trustees any interest in any investment of the trust ? (c) Is he debtor or creditor of the trust ?
31.	(a) Is there any surplus ? (b) Is notice under section 55 necessary ?
32.	(a) Is the trust regularly running in deficit ? (b) If so, find out the reasons , make suggestions; so as to remove the causes or remedy the same .
33	(a) Whether any properties are alienated in contravention of the provisions of Section 36 ? (b) If yes, suggest remedies.
34	(a) Were any properties alienated before the Act came into force between 1944 and 1955 ? (b) If yes, get the particulars and the reasons for such alienation. Suggest action to be taken, if any.
35.	In case of trusts with large income examine, in particular, expenses on :- (a) Litigation. (b) Repairs. (c) Purchase of new properties . (d) Establishment charges.
36	On case the expenses for repairs of the trust properties are out of proportion to its income,

	consider whether it is advisable to ask the trustees to sell the property and invest the money otherwise..
37	(a) Are any debts incurred ? (b) If yes, what is the provision for repayment ? (c) Is it necessary to change the creditor ?