

DIRECTORATE OF COOPERATIVE AUDIT, ODISHA, BHUBANESWAR

Circular No: 7972 / VI (4)23/2001-Legal

Date: 21/11/15

To

All the Assistant AGCS of Circles.

Sub: - Enhancement of monetary ceiling of Surcharge proceeding to be disposed of by the Auditors.

Ref: - This Directorate Circular No. 1683(16)/ dated. 26.02.2001.

ii) No. 2722(16)/ dated. 24.05.2003.

iii) No. 6414(16)/ dated. 07.09.2010.

iv) No. 4970(16)/ dated. 19.08.2011.

Sir/Madam,

Your attention is invited to the referred circulars in which a detailed guideline on initiation and disposal of Surcharge proceeding have been communicated.

It is needless to say that in pursuance of Amendment of OCS Act, 1962 (Amendment Act 1991) powers have been vested with the Auditor General of Cooperative Societies, Odisha and persons appointed to assist him for initiation and disposal of Surcharge proceeding. This quasi judicial function under Section 67 of the OCS Act is to be discharged with equal emphasis besides conduct of Audit under Section 62 of the OCS Act.

1) Initiation of Surcharge proceeding can be effective and have meaning only after disposal of Surcharge proceeding within specific time frame. Government has also taken this matter seriously and have stressed upon timely disposal and action thereon.

Considering the aforesaid facts and for timely and expeditious disposal of the Surcharge proceeding under Section 67 of the OCS Act 1962 and Rule 70 of the OCS Rules, 1965, it is decided to enhance the monetary ceiling of Surcharge proceeding to be disposed by the Auditor of Cooperative Societies (ACS). Accordingly the Auditor of CS may be authorised to initiate and dispose of the Surcharge proceedings where the amount under objection/recovery is not more than Fifty Thousand. More clearly, now an Auditor of CS can take up a Surcharge proceeding where monetary involvement is up

to Fifty thousand and Sub Assistant Auditor General of CS (SAAGCS) can take up a Surcharge proceeding having monetary involvement of rupees up to One Lakh and there is no limit for the Assistant Auditor General of CS (AAGCS) to initiate and dispose of.

Designation	Monetary involvement of SP Cases
Auditor of CS(ACS)	Up to Rs. 50,000/-
Sub Assistant Auditor General of CS(SAAGCS)	Up to Rs. 1,00,000/-
Assistant Auditor General of CS(AAGCS)	No monetary ceiling

2) After initiation of Surcharge proceeding under Section 67 of the OCS Act, maintenance of Books/Registers/ Case Records is another vital aspect which must be given due importance. As per the General Rules and Circular Orders all the papers/case records/documents/files/registers related to Surcharge proceeding must be treated as Class-1 paper. Hence in no case the said papers/documents/files/ case records etc. can be destroyed. Special attention and utmost care must be given to preserve the aforesaid papers and orders thereon for all times to come.

3) In many cases, it is observed that Order on Surcharge proceeding are silent over levy of interest on decretal amount. When a sum of recovery is established or proved beyond any reasonable doubt in Surcharge proceeding, then Order for levy of interest thereon must be passed from the date of occurrence till its realization.

4) While scrutinizing copy of orders/decisions, it is revealed in many cases that the Presiding Officer has dropped/waived either the whole Surchargeable amount or a part thereon whimsically without sufficient and correct reason. This raises question on integrity of the Presiding Officer in one hand and on the other, it leads to erosion of assets of the Institution. So, due care must be given in this aspect rationally/judiciously keeping in view the provisions of Act and Rules.

5) While reviewing the progress of Surcharge proceeding, it is seen that some of the S.P. Cases in the circle level are stayed due to interference of Honourable Higher Courts. In this circumstance, Assistant AGCS of Circles are directed to contact the Government Advocate of the concerned Court, submit Para Wise Comments (PWC) where they are a party, to the Government Advocate and file counters and have a touch with him for finalization or to vacate the stay orders.

6) It is, further, observed in some cases that the total surchargeable amount or a part thereof is realized in course of hearing of S.P. Cases and the Presiding Officer has taken this into account simply verifying the receipts and corresponding entries made in the Day-book without examining if the same has been credited in the branch bank of the concerned society/Institution. In such circumstance, the Presiding Officer is advised to ensure the authenticity of such deposits in the bank.

Guideline/instruction if any issued earlier in this regard, stands modified to this extent.

This circular should be circulated among all SAAGCS/ACS under intimation to this Directorate.

Yours faithfully,

Prasanna
21.11.2015
Auditor General
Cooperative Societies, Odisha
Date. 21/11/15

Memo No. 79731

Copy to Deputy A.G.C.S (O)/ All ACS/SAAGCS, & SAAGCS (Office) Central Audit/
and all seats of Audit Section/ Steno to AGCS for information.

Prasanna
21.11.2015
Auditor General
Cooperative Societies, Odisha