

30.07.2011  
(4) 6596  
**DIRECTORATE OF COOPERATIVE AUDIT: ORISSA: BHUBANESWAR.**

Circular No.VI (1)62/99(Part-V)/ 348 /Audit-8

Dated:- 15.01.2011

**CIRCULAR**

**Sub: - Concurrent audit of Cooperative Institution.**


Concurrent audit in Cooperative Institutions has been introduced with a purpose of auditing the day to day transaction to keep a tab on the functioning of the institutions in order to check the irregularities, misappropriations etc. and to guide the institutions to function in the right direction by rectifying the deficiencies pointed out in course of audit instantly. It is a preventive measure to check occurrence of Fraud, embezzlement, misappropriation leading deficiencies to assets. Keeping the above aspects in view, detailed guidelines regulating duties and responsibilities of concurrent auditors on deputation to various cooperative institutions has been communicated to all concerned vide RCS(O) Circular No.18782 dated.11.07.1983.

But it is observed with much displeasure that in most of the cases, the above stipulation has not been strictly adhered to by the concurrent auditors. The concurrent auditors are simply passing voucher without going through the relevant files/documents. They seem to be merely checking the arithmetical correctness of the transaction and whether such transactions tally with the general ledgers or not. They keep the examination of all connecting files and records that go with a transaction to the fag end of the audit, which contradicts the Circular instruction. The defects irregularities etc. which are pointed out in the final audit or special audit at later stage have not been reflected in the monthly concurrent audit reports submitted by the concurrent auditors at the time of occurrence. It is also observed that Half-margin memos are not issued on the spot during the course of audit, the moment an irregularity is detected, which is leading to much embarrassment in future as well as legal complication, whenever such reports are being challenged in the court of law or during surcharge proceedings. Even though half-margin memos are issued in some cases, the compliance of the same are not ensured during the course of audit and left to final audit of the institution.

In view of the above, it is felt necessary to issue circular instructions to all concurrent auditors to make proper scrutiny of voucher with reference to relevant files, documents and circular instructions before putting tick mark in voucher and the supporting entries of books of accounts. By this method of scrutinising vouchers, all the supporting files/documents should also get simultaneously checked in order to ascertain the genuineness of the vouchers and to facilitate completion of audit within the stipulated time as well. Since issue of half margin memos/objection memos serves purpose of maintaining a record of detecting defects and irregularities and compliance thereof, this will ~~avoid~~ recurrence of such defects and irregularities in future by the Cooperatives. Besides, this would be one instrument of providing natural justice to the delinquent institution before finalization of any account by giving a reasonable opportunity for compliance/rectification. All half-margin memos should be issued then and there, if any such transactions appear doubtful or irregular or improper at the vouching stage itself. It is again reiterated that concurrent auditor are required to conduct thread-bare checking of all transactions recorded in all books of accounts and connecting records for that period in its entirety. In case any fraud, misappropriation or embezzlement

etc. is detected at the time of audit, the same should be reflected in the monthly concurrent audit report unfailingly and a copy of half margin memo, enclosed to the report.

This practice should be followed scrupulously by all concurrent auditors in future. In case of any deviations, the concerned concurrent auditor and the AAGCS shall be held squarely responsible and disciplinary action as deemed fit will be initiated.

  
(Jaladhar Rout) 15/1/11

Auditor General of Coop.  
Societies, Orissa, Bhubaneswar.

Memo No. 349


Dated: 15.01.2011

Copy to Assistant Auditor General of Cooperative Societies of circles for information and necessary action. They are requested to issue suitable instructions to all the auditors under their administrative control to strictly adhere to the instructions contained in the circular and ensure correctness of the monthly concurrent audit reports before submitting the same to this office without fail.

  
15/1/11

Joint Auditor General of  
Coop. Societies, Orissa, BBSR.

Copy to Audit-2/Audit-1/15 Spare Copies.

  
4.1.2011