

No. 3082 (16)/VI(I)7/97-Audit-8-Dated: 14.5.2004

Circular.

To

All Asst. Auditor General of Coop.
Societies of Circles.

Sub: Issue of audit report on the basis of
transaction audit.

Sir,

It is one of the important duties of the Committee of management of Cooperative institutions u/s 28(b) (ii)(d) of the O.C.S. Act., 1962 to prepare Statement of accounts required at audit and placement of the same before the auditors. Since this duty is assigned to the committee of management, taking this provision into consideration and the provisions under Banking Regulation Act., 1949 in the R.C.S., Circular No. 8132 dt. 31.3.97 It has been instructed that the Committee of management is to submit the financial statements for audit signed by the following officials and Officers:

- i) Where the number of Committee Members are more than 3 (three), at least 3 members of committee including President.
- ii) Where the members of Committee are 3 or less than 3, all members of committee including President.
- iii) Chief Executive or Secretary of the Society who is statutorily responsible for proper maintenance of books and records of society as per Section 28(3-b)(2) of O.C.S. Act., 1962.
- iv) Accountant or Accounts Officer who is empowered by the Board of Management for maintenance of accounts.

It has come to notice of the undersigned that despite the above Circular instruction which holds good for Directorate of Cooperative Audit having been adopted in toto so far as no instructions has since been issued superseding the earlier instruction, some of the Societies are not submitting their financial statements for audit signed by the President and Members of Committee of management on various grounds. Some such Statutory Audit Reports are pending for years together without being issued though the auditor has already submitted the same long back. This is considered as dereliction of statutory duty by the committee of management for which action u/s 32 of the O.C.S. Act.

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need be taken against the committee of management for supersession of the committee. Such situation also warrant action u/s 62(6) of the O.C.S. Act. involving suspension of such Officers and office-bearers of the C.S. whose continuance is perceived to be detrimental to the completion of audit as per directions issued by the A.G.C.S., Orissa. In some such cases of Mayurbhanj C.C.B. and United-Puri Nimapara C.C.B., such action U/s 62(6) has already been taken against the President and ^{the} Secretary respectively of such banks, when all other efficacious methods failed.

But due to this negligence of duty by the Committee of management, the completion of audit should not be held up. As per provisions under Rule 62 of the O.C.S. Rules, 1965. "The statement of accounts shall be prepared by the Auditor in such form as the Auditor General may approve". As the auditors of the Directorate are duty bound to conduct 100% transaction audit, they are empowered to draw the financial statement under Rule 62 of the O.C.S. Rules on the basis of transaction audit. When the Committee of management fail to perform their duties to submit financial statements signed by them within time specified by the Auditor, not exceeding 15 days, the auditor should prepare the financial statement basing on the transaction audit and submit the audit report for consideration of issue of audit Certificate thereon. Side by side, this non-submission of financial statement by committee of management be brought to the notice of the concerned administrative authorities for taking suitable action u/s 32 of O.C.S. Act, 1962.

It should also be brought to the notice of all concerned that the Auditor General of C.S. or the Asst. A.G.C.S. of Circles, as the case may be, is not bound to accept the financial Statement submitted by the committee of management. If there is any entry in such financial statements found not in agreement with the result of transaction audit, or not in accordance with provisions of Act., Rules, Circular Instructions of A.G.C.S., Orissa, R.C.S., Orissa, State Govt. etc. or not in accordance with standard accounting principle, such financial statements submitted by the Committee of management can be suitably modified by the A.G.C.S. or Asst. A.G.C.S., as the case may be, before issue of audit certificate and such audit report certified by the A.G.C.S./Asst. A.G.C.S. shall be final and binding on the society as per provision u/s 62(3) of the O.C.S. Act, 1962.

This should be circulated amongst all auditors of your Circle for their information and necessary action during audit of Coop.institutions.

Yours faithfully,

Auditor General,
Coop.Societies,Orissa.

Memo No. 3083 (9) /Dt. 19.5.2004

Copy forwarded to the Registrar of Coop.Societies, Orissa/Director of Textiles,Orissa/Director of A.H.&V.S.,Orissa/Director of Fisheries,Orissa/Director of Agriculture & Food - Production,Orissa/Director of Handicrafts & Cottage Industries, Orissa/Director of Industries,Orissa/Director of Indian System & Medicines & Homoeopathy,Orissa/Secretary,O.K.&V.I.Board for information and necessary action.They are requested to bring the contents of this Circular to the notice of their field level functionaries and Coop.Institutions under their administrative Control.

Memo No. 3084 (75) /Dt. 19.5.2004 Joint Auditor General of C.S.(O).

Copy forwarded to the Managing Directors, all Apex & State level Coop.Institutions/Secretaries of all Central Coop. Banks/Chief Executives of all Urban Coop. Banks/Utkal Banking C.S., Bhubaneswar for information and necessary action.

Memo No. 3085 (8) /Dt. 19.5.2004 Joint Auditor General of C.S.(O).

Copy submitted to the Commissioner-cum-Secretary to Govt. of Orissa,Cooperation Deptt./Commissioner-cum-Secretary to Govt. of Orissa,Agriculture Deptt./Principal Secretary to Govt. of Orissa,Fisheries & Animal Resources Development Deptt./Principal Secretary to Govt. of Orissa,Industries Deptt./Commissioner-cum-Secretary to Govt. of Orissa, Minorities & Backward Classes - Welfare Deptt./Principal Secretary to Govt. of Orissa,Textiles & Handloom Deptt./Commissioner-cum-Secretary to Govt. of Orissa, S.T. &S.C.Development Deptt./Commissioner-cum-Secretary to Govt. of Orissa,Women & Child Development Deptt. for favour of kind information.

Memo No. 3086 /Dt. 19.5.2004 Joint Auditor General of C.S.(O).

Copy to All Auditors of Central Audit/G.F./20 Spare copies.

Joint Auditor General of C.S.(O).

M.M/-15.5.2004.

