

Circular No. 6390 /VI(10)34/2001-Audit-4-Dated: 21/8/2006

To

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

Sub:

Proactive Role of Asst. A.G.C.S. for  
proper presentation of Special Audit  
report of C.S.

Ref:

This Office letter No.2498(16) dt.29.04.04  
and Circular No.2862 (16) Dt.14.05.2004.

Sir,

Inviting your attention to the aforesaid letter/  
Circular instructions on the captioned subject, I am to say that  
aforementioned letter and Circular were issued to each Circle  
with a view to streamline the Special Audit, Centralise the issue  
of Special Audit report to eradicate the short comings and short  
falls in Special Audit Reports. But of late, it is noticed that  
draw-backs in presenting Special Audit reports <sup>are continuing</sup> which not only  
~~results~~ in misrepresentation of facts but also causes delay in  
~~which are continuing~~ scrutiny and release of Special audit  
reports after due correction.

- 1) There was a clear instruction in the aforesaid Circular to  
to the effect that scope of Special Audit as well as aspects  
to be taken-up through Special Audit be determined aptly and  
authorisation be made accordingly. But in most cases the points of  
examination by special audit is not mentioned. In sequel, Auditor  
is encountering problem as to which aspect to be conducted and  
also completion of Special Audit is becoming badly delayed.
- 2) During course of Special Audit, if any records are not  
available, tangible actions are not being initiated by the  
A.A.G.C.S. himself. Merely Auditor is mentioning the fact in  
the report. Soon after getting the report from the Auditor  
concerned, about non-availability of records during Special-  
Audit, the AAGCS should have taken up the matter forthwith  
with the Chief Executive of the Society, Local administrative-  
authorities and financing Bank, for securing/retrieving the  
records. If the aforesaid person or the addressee/s does not  
pay any attention quickly, he/they should be made party with  
the affairs due to inaction.

In this stage, Special Audit should fix the accoun-  
tability as per interse-merit of the cases as well as availa-  
ble information, recouring the Circular instructions of the  
A.G.C.S. to this effect.

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- 3) The writing style in the Special Audit report is very bad some times conveys no meaning at all. Since said report is issued from this Directorate level to different higher quarter including Principal Secretary to Govt. Coop. Dep... the mode of representation should be proper, fact pointed and comprehensible. So before submitting the Spl. Audit Report to this Directorate for issue, the duty of AAGCS should be to go through the report at his level and any shortcomings noticed in report should be properly corrected.
- 4) In many cases it is observed that the findings of the Special Audit is not similar with the concerned year of Final Audit, although the matter and aspects are coincidental to each Audit. Inter-alia when Special Audit report reveals many irregularities, the final audit reports are silent on such issues.

As a result of which, Final Audit report has become a questionable and putting this office in a embarrassing position. It should not happen when both the final audit and Special Audit are based on same records of societies and the scope of examination by auditor on both the types of audit are same as envisages under Rule 61 of O.C.S. Rules.

Some times Auditor for Special Audit is properly focussing on the illegalities as well as irregularities, where as he is concluding the fact ineptly. So it is established that Circle Office is very casual and superficial in this vital aspects. Moreover, most of the Circles are neither submitting the findings of the Final Audit in tune with the allegation, especially at the time of seeking permission for Special Audit nor at the time of submission of Spl. Audit report separately. Hence it is confirmed that Circle is keeping back the matter in question.

- 5) During course of Special Audit, Auditor/s are issuing the Half Margin Memos/Objection Memos/Summons to the institution or delinquent, but the outcome of the same is not being recorded in the Spl. Audit Report. Sometimes Spl. Audit is writting in his report that compliance of the C.S. or delinquent is not satisfactory. This solitary sentence can not substantiate the Audit recovery. So Spl. Audit is to Justify as to why the compliance is not satisfactory or not acceptable.

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All the delinquents be afforded reasonable opportunities of being heard through issuance of Summons and Half-margin memos etc. against the each fastidious/alleged transactions and Xerox copy of the same be annexed with the Spl. Audit Report serially as exhibit No. 1-2-3, etc. Auditor for Special Audit should sign on each page of all copy of Spl. Audit Report.

- 6) There is standing instruction in the above referred Circular that all Asst. A.G.C.S., should mention in the forwarding letter at the time of submitting the Spl. Audit report to the effect that Auditor for Spl. Audit has covered all the salient points in his report. But this is not done and every-thing is left to this Directorate to bring the report in order during scrutiny.

All Asst. A.G.C.S. of Circles should desist from such practice and submit the report having been checked by the Circle minutely with sanguine of it's acceptability and submit the required Nos. of copies observing all the formalities with mentioning in the forwarding letter as asked for.

- 7) While making correspondences with this Directorate, there should be a prominent marking on the top of the letter "Special Audit-Cell". So that without delay, all the letters and documents can be served to the Special Audit Cell functioning at this level for quick action.

- 8) During course of Special Audit, when Special Audit is unable to probe to certain aspect, in that case, suggesting Admn. Enquiry U/s 65 of O.C.S. Act. 1962 in his report. But this office is not in a position to know about the fate of inquiry over the leftout portion of the Special Audit as well as requisition of the A.G.C.S. (O) Bhubaneswar. In view of above, all the AAGCS of Circles are requested to write to the concerned Administrative Authority as well as Chief Executive of the Society under intimation to this office for early completion of enquiry and report. Soon after getting such report, action as deemed proper be initiated at Circle level under intimation to this office with furnishing the true copy of the enquiry report. All Circles are requested to trace-out and chalkout list of the earlier requisition as well as reporting of Special Audit report issue so far (since creation of this Directorate) about such enquiry U/s-65 of O.C.S. Act. 1962 and do accordingly under intimation to this office.

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9) If any misappropriation/defalcation or Financial irregularities of any type C.S. is noticed during course of Final Audit, then Auditor should submit the required Nos. of copies "Special Report" to the Circle office besides reporting in Final Audit Report. In turn, Circle office should issue at once the said Special report after thorough checking, to A.G.C.S.(O), Bhubaneswar besides other quarters.

But it is noticed that no Circle is submitting the copy of the Special report to this office against misappropriation/defalcation/gross irregularities etc., noticed during final audit as if there is no such type of incidence at C.S. level.

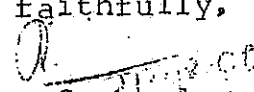
10) Last but not least,

Copy of the review meeting pertaining to Spl. Audit be sent to this office. Problem encountered by the Special Audit can be laid in the Triangular Committee Meetings, besides other agenda.

11) There should be specific mention for Audit fees, name of the Principal Officer (Admn. wings), name of the Police Station including Vigilance wings and name of the Chief Executive under Spl. Audit period in the body of the Spl. Audit report.


The above instructions should be scrupulously followed by all concerns and any deviation will be viewed seriously.

Yours faithfully,

  
Auditor General,  
Coop. Societies, Orissa.

Memo No. 639109 /Dt. 21/8/2006

Copy forwarded to the Addl. A.G.C.S.(O) Bhubaneswar/  
Deputy A.G.C.S.(O) Bhubaneswar/SAAGCS, Audit-I-Seat for information and necessary action.

  
Auditor General,  
Coop. Societies, Orissa.

20 spare copies.

M. M/-