

(819)

DIRECTORATE OF COOPERATIVE AUDIT, ODISHA, BHUBANESWAR.

Circular No: - VI(I)12/13.....^{28/9} Audit-8

Date:- ^{08/05/15}.....

Very often it is found that gross irregularities such as fraud, misappropriation, unauthorized appointments, overdrawal of huge amounts against SBD accounts or Daily deposit, illegal/irregular finance etc. are committed in various cooperative institutions particularly in cooperative banks and other bigger institutions without any fear of punitive action.

Hence, Audit has to play major role by detecting the same in course of examination of books and records of such cooperative institutions and fixing up responsibility on the delinquents for initiating action under law so as to put a check on all these illegalities. The auditor(s) concerned conducting audit of cooperative banks and other bigger important cooperative institutions should be familiar with the nature of business of the institution and its technical details and thorough with the provisions of OCS Act, Rules and the circular instructions of administrative authorities and financing institutions and acquaint himself with the Bye-laws and other allied laws regulating the management of the society so that he can detect fraud, misappropriation etc. occurred in these institutions and clearly mention in his report about the instances of violation of provisions of Act, Rules, Bye-laws etc. and on illegal transactions along with fixation of responsibility on errant officials, officers and employees in clear and unambiguous terms. But it is observed with displeasure that most of the audit reports are not revealing such fraud, misappropriation or other managerial/financial irregularities though the same are subsequently detected through special audit, inquiry or through public petitions, which not only affects the credibility but also puts this Directorate in embarrassment.

The above fallout in audit of cooperative institutions is attributable to improper allotment of audit. It is observed that in almost all circles, allotment of audit of cooperative banks and other bigger/important cooperative institutions are made in favour of Auditor of cooperative societies having less experience/expertise in audit of these cooperative societies, as a result of which, audit is not effective and has not yielded the desired result.

Further, it is noticed that allocation of audit of cooperative societies is not made in a compact area, i.e. within the jurisdiction of a block. One auditor is being allotted with audit of cooperative societies functioning under different blocks, which is violative of the instructions issued to this effect in DCA (O) circular no.7709 dtd.18.06.2001.

(820)
Hence in order to obviate the above deficiencies, it is hereby ordered that-

1. Allotment of audit of cooperative banks like DCCBs, UCBs, CARD Banks, Dist. Milk Union & other Central Cooperative institutions, RCMS and PACS(erstwhile Mini Banks) having huge transactions etc. are to be made in favour of the SAAGCS only. In no case, the Auditor of Cooperative societies be allotted with audit of bigger SCS (Mini Banks) henceforth. One branch be allotted to each SAAGCS/ACS unless the number of branches is more than the number of auditors.

However, the AAGCS of circles who have less number of SAAGCS at their disposal may allot audit of such cooperative institutions in favour of senior, experienced Auditor of cooperative societies with due permission of the AGCS(O).

2. As allotment of audit of cooperative societies within jurisdiction of a block would facilitate the auditor to discharge his assignment smoothly and reduce the transit days as well, due care be taken in this respect so as to ensure that allotment of audit of societies is made in favour of an auditor in a compact area i.e. within jurisdiction of a block. And in case it is not possible, then allocation may be made in adjacent block.

The AAGCS of circles are hereby directed to strictly implement these instructions and prepare the Annual Audit programme of their circle for 2015-16 & onwards by making allotment of audit of cooperative societies under their Jurisdiction in favour of the SAAGCS and ACS accordingly.

This circular shall have immediate effect.

[Signature]
8.5.2015
Auditor General
Cooperative Societies, Odisha.

Memo No 2820(76)
Copy forwarded to the AAGCS of Circles for information and immediate compliance.

[Signature]
8/5/2015
Deputy Auditor General
Cooperative Societies, Odisha.
Date 08/05/15

Memo No 2821
Copy forwarded to Dealing ACS, Audit-3 seat for information and necessary follow up action.

[Signature]
8/5/2015
Deputy Auditor General
Cooperative Societies, Odisha.

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