

DIRECTORATE OF COOPERATIVE AUDIT: ODISHA: BHUBANESWAR.

Letter No. VI (9) 46/2013 5342⁽¹⁶⁾ / Audit-6 Dated. 28.9.13.

To

The Assistant Auditor General of Cooperative Societies of Circles.

Sub: Format for preparation of Audit Report of Cooperative Societies undertaking credit business.(other than PACS).

Madam/Sir,

In the wake of repeal of the Odisha Self Help Cooperative Act, 2001 and deemed registration of such societies under Odisha Cooperative Societies Act, 1962 vide notification No.5833-Legis-13/2013/L, dt.06.06.2013, of Law Department Government of Odisha, the corresponding provisions of OCS Act & Rules have been made applicable to the societies registered under Odisha self Help Cooperative Act, 2001.

Since large scale fraud and misappropriation is apprehended in such societies, Government desires that audit of accounts of such societies especially those who are making credit business like mobilisation of deposits and extension of loans & advances is to be taken up on priority.


As the audit of such societies is to be conducted in the manner prescribed under section 62 of the OCS Act, 1962 and Rules framed there under, it is felt necessary to have a model format for preparation of audit report of Credit Cooperative Societies to maintain uniformity in preparation of audit report as per the present requirement to make it transparent and access the Management Information System (MIS) properly. In order to meet the requirements of the Changing scenario, a model Audit Report format taking into account the affairs of credit Cooperative Societies, has now been devised for preparation of Audit reports of such societies by the auditors. However, the auditors should be advised to examine all other important management and financial activities with 100% checking of transactions and incorporate the same in the Audit report, if the same are not covered under the format. All the financial transactions whether legally or illegally made by the Society must be reflected in the Audit Report.

You are therefore requested to please circulate the Model Audit Report format of Credit Cooperative Societies enclosed herewith amongst the

auditors under your Circle for their guidance in audit of such societies and ensure that the audit report of these societies is prepared as per the format along with the required financial statements, schedules & other statements.

The above instruction shall be followed meticulously without any deviation, failing which it shall be considered as a statutory breach.

Yours faithfully


28/9/2013
Auditor General

Cooperative Societies, Odisha

Memo No. 5343 /

Dated. 28.9.13.

Copy with copy of enclosures forwarded to the Registrar of Cooperative Societies, Odisha for information and necessary action.


28/9/2013
Auditor General

Cooperative Societies, Odisha

Copy to Audit-8/ 10 Spare Copies
(With enclosures)

AKS.....

FORMAT OF AUDIT REPORT OF CREDIT COOPERATIVE SOCIETIES

PART-A

- 1) Name of the Society:-
- 2) Full address of the society:-
- 3) Registration No. & Date:-
- 4) Name of the Administrative circle:-
- 5) Area of operation:-
- 6) Date of functioning:-
- 7) Year and period of Audit:-
- 8) Name and address of the Promoter / Secretary / Chief Executive and period of working:-
 - a) During the period under Audit:-
 - b) At the time of Audit:-
- 9) **Management**

A. Board of management during the period under Audit.

Sl. No.	Name of the members	Elected/ nominated by Board or Government	Designation	Date of assumption	Period of functioning.
(1)	(2)	(3)	(4)	(5)	(6)

B. Board of Management at the time of Audit.

Sl. No.	Name of the members	Elected/ nominated by Board or Government	Designation	Date of assumption	Period of functioning.
(1)	(2)	(3)	(4)	(5)	(6)

Audit observation

N.B:- Legal compliance on formation of Board, if any:-

- 10) Authority of Audit.
- 11) **Name and Designation of Auditor**
 - a) Present
 - b) Last year.
- 12) **Days devoted for audit:-**
 - a) Date of commencement of audit
 - b) Date of completion of audit
 - c) Total days devoted for audit

13) **Physical verification on the date of commencement of audit.**

A.

- i. Cash
- ii. Bank deposits
- iii. Securities, if any
- iv. Postage
- v. Others (specify)

Audit observation

Observation on retention of cash balances, confirmation for each bank account as on the date of balance sheet along with other relevant points.

B. Insurance and its period of coverage.

- i. Cash
- ii. Building & machinery
- iii. Stocks
- iv. Vehicles
- v. Others, if any

Audit observation

Policy no, Amount Coverage, Period of coverage & shortfall, if any.

PART-B

1) **Registration**

Audit observations

Whether feasibility and viability aspect of the society was examined by the concerned registering authority before registration.

2) **Aims and objectives.**

Aims and objectives along with activities of society to full fill the aim. In this context achievements/ failure of society in the present scenario.

3) **Bye-Laws.**

Preservation of Registered Bye-laws with all up-to-date amendments, non-compliance of provisions of Bye-Laws, contradictions and suggestions.

4) **(A) Member ship (Male & Female)**

Class of members	Position at the beginning of the year					Member enrolled during the year				
	ST	SC	Gen	OBC	Total	ST	SC	Gen	OBC	Total
	M/F	M/F	M/F	M/F	M/F	M/F	M/F	M/F	M/F	M/F
(1)	(2)					(3)				
A										
B										
C										
Total										

Membership ceased during the year					Membership position at the end of the year.				
ST	SC	Gen	OBC	Total	ST	SC	Gen	OBC	Total
M/F	M/F	M/F	M/F	M/F	M/F	M/F	M/F	M/F	M/F
(4)					(5)				

(B) Comparative figure of membership for last three year

Year	Male	Female	Total	Remarks
(1)	(2)	(3)	(4)	(5)

Audit observations

Whether members are enrolled with the eligibility as per provisions of Bye-Laws.

5) Role of Board of management.

a) Board meeting held during the period under audit.

(i)

Sl. No.	Date of Board Meeting	Number of members attended	Number of resolutions passed.
(1)	(2)	(3)	(4)

(ii) Important resolutions passed by the meeting.

Audit of observations

- 1) Convening of meeting as per provision of Bye-Laws.
- 2) Quorum of the meeting as per provision of Bye-Laws.
- 3) Any deviation noticed in the resolution which contradicts the provisions of Act & Rules and Circular instructions of administrative authority.
- 4) Remarkable works made by Board of management.
- 5) Compliance of resolutions passed by Board in the subsequent period.

b) Sub-Committee

(Details of Sub-Committee formed by Board of Management, its members, function and resolution passed)

Audit observations

- i. Board of Management superseded during the year under audited competent authority's order no. and date along with reasons for such supersession.
- ii. Name of the MIC/Administrator, if appointed in place of Board of management on supersession, the order number for such appointment along with Name, designation, Address and Date of functioning of such MIC/Administrator.

6) Annual General Body meeting:

- a) Date of meeting and members present.

- b) Whether AGB was convened as per the provisions of Act and observance of quorum.
- c) Numbers of resolution passed.
- d) Resolutions passed by AGB which contravenes the codal provisions.
- e) Any irregularities.

7) Staff position

A. Particulars on sanctioned strength.

Sl. No.	Category of employee	Sanctioned strength	Name of the authority & sanctioned order No. & Date	Approved scale of Pay	Present strength	Vacancy
(1)	(2)	(3)	(4)	(5)	(6)	(7)

B. Present staff position(including deputation staff)

Sl. No.	Name of the employee	Designation	Order No. & date of appointment	Educational qualification	Scale of pay	Present salary	Security deposit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Audit observation

- 1) Whether there is approved staffing pattern by competent authority and staff are appointed as per Rules in force and following Rules & regulation of the society.
- 2) Whether the scale of pay are approved by competent authority before adoption.
- 3) Details of irregularities noticed.

8) Share Capital

A. Authorised share capital.

Sl. No.	Class of share	Value per share	Number of share	Amount
(1)	(2)	(3)	(4)	(5)
01	Individual			
02	Government			
03	Others			
Total				

A. Paid up share capital.

Sl. No.	Class of share	Value per share	Number of share	Amount
(1)	(2)	(3)	(4)	(5)
01	Individual			
02	Government			
03	Others			
Total				

Audit observation

(Observation on maintenance of share capital, Reconciliation of share capital amount along with irregularities pertaining to provisions of Bye-Laws noticed during the course of audit)

9) Working Capital

Total of liabilities as per Balance Sheet

Minus

1) Accumulated loss

2) Contra, if any

Total:-

(Comparative statement of working capital for last three years along with observations)

10)	Sl. No.	Reserve Funds	During the year of audit	Last year
	i.	Reserve Fund		
	ii.	Capital Reserve		
	iii.	Dividend equalization fund		
	iv.	Building fund		
	v.	Common good fund		
	vi.	Other fund (specify)		

11) Financial assistances in shape of subsidy/ share capital assistances/ Grand from Government, Bank and other agencies etc. and its details.

12) Funds utilised in the business (Comparative figures for 3 years).

A. Source of funds

1) Member share

2) Government share

3) Reserve fund

4) Other funds

5) Loan from Cooperative/other banks

6) Loan from Government/other loans

7) Deposits

Total:-

B. Utilisation of funds

a) Investments

b) Closing stocks

c) Fixed assets

d) Other assets (excluding bad & doubtful assets)

Total:-

(Notes on difference between sources and uses of fund)

13) Business of the society

Type of business the society undertaken.

14) Borrowing from Cooperative/other banks/financing Agency.

Name of the banks/ agency	Amount borrowed	Amount repaid	Amount outstanding at the close of the year	Rate of interest
(1)	(2)	(3)	(4)	(5)

Audit observation

15) Cash & Bank balance, maintenance of Liquidity with reference to last year.

Details of Account	Last day of audited year	Previous year
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(Audit observation)

16) Investment

- (1) Share with other Cooperative institutions
- (2) Investment with Cooperative Bank/ other banks
- (3) Postal securities (NSC/KVP)
- (4) Investment of staff provident fund
- (5) Investment of Reserve fund
- (6) Other Investments.

(Audit observations on maintenance of Liquidity i.e. CRR & SLR)

17) Deposit

(Collection of deposit)

Type of deposit

- a) Saving Deposit
- b) Current Deposit
- c) Recurring Deposit
- d) Fixed Deposit
- e) Re-Investment Deposit
- f) Other Deposits
- g) Engagement of agents/ brokers

Rate of interest Current year Last year

Total:-

Audit observations

- 1) Comment on growth/ decrease in deposit
- 2) Whether the Society accept savings/fixed deposit from members & non-members by maintaining adequate fluid resources according to standard laid down by RCS(0) under Rule-50 of OCS Rules, 1965.
- 3) Whether the stipulations made under Rule-49(6) of OCS Rules is complied, if the society take up current account deposit business.

18) Details of Fixed Assets Volume/Quantity Purchase Value Book Value

19) Loans and Advances with rate of interest.

Loans & Advances financed during the year of audit along with its comparison to the previous year. The details of collection made during the year need be furnished.

A. D.C.B

Principal- Demand, Collection and Balance of loans during the year.

Interest- Demand, Collection and Balance of Interest during the year.

(Details to be given in statement)

Audit Observation

B. 100% checking Loans & advances be made to find out whether.

- 1) Schemes of loans are approved by competent authority.
- 2) Sanction is made as per Rule of business.
- 3) Proper documentation made, credit appraisal & security obtained.
- 4) Post sanction utilisation of loan is ensured.

20) Bad & Doubtful Assets and Provision thereof

A detailed statement to this effect showing Bad & Doubtful assets and provision to the extent of its requirement is to be prepared.

Audit observation

- a) Whether Bad & Doubtful assets have been assessed and provisions made in terms of circular instructions issued to this effect.
- b) Amount of provisions made during the year.
- c) Amount of provision made at the close of the year.
- d) Amount of provision made against O.D loans and interest.

21) Legal action taken for recovery of O.D loans.

Notes on action taken by the society for realisation of O.D loans.

a) Cases pending with legal forum.

Sl. No.	Particulars	Dispute stage		E.P Stage	
		No.	Amount	No.	Amount
01	Pending at the beginning of the year				
02	Cases filed during the year				
	Total:-				
03	Cases disposed during the year				
04	Cases pending for finalisation				

b) Cases pending for E.P at Society level.

Sl. No.	Particulars	No.	Amount
i.	Decree at the beginning of the year pending for E.P		
ii.	Decree received during the year		
	Total :-		
iii.	After mutual recovery, decree disposed		
iv.	After E.P, decree disposed		
v.	Decrees pending at the end of the year.		

22) Budget

(Details of Budget along with approval and expenditure against the provision)

Projected income & expenditure.

Sl. No.	Particulars	Projected income	Actual income	Projected expenditure	Actual expenditure	Excess/ Less
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Audit observation

23) Reconciliation of Accounts:

Sl. No.	Particulars	G.L Balance	Subsidiary balance	Difference	Persons responsible
(1)	(2)	(3)	(4)	(5)	(6)

(Observation of Audit be given along with balance confirmation certificate)

24) Realizable amount from employee and other officials of the society as per Balance sheet along with action taken.

a) Total No. of persons involved

b) Total amount for recovery

(Details be given in statement)

25) Detail notes on

a) Bills receivable

b) Sundry Creditors

c) Sundry Debtors

26) Compliance/ Rectification on audit observations of last year.

(Audit observations)

27) Inspection by Administrative Authority.

28) List of records maintained by the Society.

Records required to be maintained	Records actually maintained	Records examined during the year under audit	Auditor's remark
(1)	(2)	(3)	(4)

(Irregularities noticed in maintenance of records and audit observations thereon)

29) Cost Of Management

Total of the loss side

- (-) 1) Interest paid
- (-) 2) Provision
- (-) 3) OTS Loss, if any
- (-) 4) Net Profit, if any

Audit observations

- 1) Regarding keeping the COM within the specified limit of working capital.
- 2) Comparative figures be given

30) **Cost of Establishment/ Staff cost.**

Comparative figures for 2 years be given along with audit comment on keeping the cost of Establishment within the margin of the society earns or not.

31) **Profit/ Loss.**

(Detail narration on reason for loss, if the society sustained loss).

32) **Accumulated Loss**

33) **Working fund.**

- Total of liabilities
- (-) Accumulated loss
- (-) Contra, if any
- (-) Fixed Assets
- Total:-
- (Audit Observation)

34) **Submission of Statutory Reports and Returns.**

35) **Defects and irregularities noticed during the audit.**

Defects & irregularities noticed during audit be given in details. In case of any deficiency, the auditor should reflect each case in report clearly with fixation of responsibility on the officials/ offices of societies in each case.

36) **Audit Fees.**

37)

a)	Net worth	Paid up share capital + Statutory Reserve+ Other Free Reserve+ Credit balance of P/L, if any.	<u>Memos</u> 1) Accumulated Loss 2) Short provision, if any.
b)	Value of share of members or paid up share capital	$\frac{\text{Net worth}}{\text{Paid up capital}} \times 100$	(If the share value is 100% or more, the share is fully protected).

38) **Audit classification/Marks secured.**

39) **General Remarks.**

1) Statement showing position of Depreciation on fixed assets as on 31.03.

Sl. No.	Type of fixed assets	Purchase value of assets	% of depreciation allowed	Depreciation allowed up to previous year	Amount of depreciation this year	Net value at the close of the year	Addition during the year	Total value at the end of the year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

2) Statement showing Borrowing & Repayment as on 31.03.

Sl. No.	Financing agency	Type of loan	Opening balance at the beginning of the year	Repayment during the year	Borrowing during the year	Balance as on 31.03.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

3) a) Rate of Interest on Borrowing.

Sl. No.	Particulars of Borrowing	Rate of interest from financing institution
(1)	(2)	(3)

b) Rate of interest on Loan

Sl. No.	Particulars of Loans and advances	Rate of Interest to members.
(1)	(2)	(3)

4) Statement of Cash/Postage & Bill Balance as on 31.03.

Sl. No.	Particulars	Amount
(1)	(2)	(3)

5) Details of Investment as on 31.03.

Sl. No.	Particulars of Investment	Amount	Remarks.
(1)	(2)	(3)	(4)

6) Details of Advances.

Sl. No.	Name of the Person	Amount outstanding	Date from which outstanding
(1)	(2)	(3)	(4)

7) Details of Sundry Debtors as on 31.03.

Sl. No. (1)	Name of the Party (2)	Amount outstanding at the end of the previous year (3)	Amount outstanding as on 31.03. (4)
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8) Details of Sundry Creditors.

Sl. No. (1)	Name of the Party (2)	Amount outstanding at the end of previous year (3)	Amount outstanding as on 31.03. (4)
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9) Audit Recovery statement as on 31.03.

Sl. No. (1)	Name of the Person with designation (2)	Amount of recovery as on 31.03 (3)	Reasons (4)
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10) Statement on D.C.B on principal as on 31.03.

Sl. No. (1)	Category of loan (2)	Scheme of loan (3)	O.D at the beginning of the year (4)	Demand during the year (5)	Total demand (6)	Collection during the year (7)	Balance O.D at the close of the year (8)	% of collection. (9)
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11) D.C.B on Interest as on 31.03.

Sl. No. (1)	Category of loan (2)	Scheme of loan (3)	O.D at the beginning of the year (4)	Demand during the year (5)	Total demand (6)	Collection during the year (7)	Balance O.D at the close of the year (8)	% of collection. (9)
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Statements/ schedules to be attached to report.

1. Financial statements.
 - a) Trial Balance/ R & E statement.
 - b) P/L Account.
 - c) Balance sheet.
2. Narration on Balance Sheet.
3. Borrowing & Repayment Statement.
4. Rate of Interest on Borrowing & Loan to members.
5. D.C.B on Principal & interest.
6. Depreciation on fixed Asset.
7. Details of Investment.
8. Details of Loans & Advances.
9. Details of Recovery.
10. Details of Sundry Debtors & Creditors.
11. Banker's Certified balance
12. Auditor's verification certificate
13. Highlights.

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