

**Seminar on Audit Aspects Relating to Co-operative Banks & Societies which is scheduled to be held on
Saturday, 3rd May and 4th May**

Organized by The Institute of Chartered Accountants of India, ICAI Tower, Plot No. C-40, 'G' Block, Opp. MCA Ground, (Adj. to Standard Chartered Bank) Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. INDIA.

Points to be discussed on 4th May 2014

- Need of framing the law involving auditors as part and parcel of Cooperative movement in Maharashtra.
 - Earlier audit is conducted on the basis of record made available to the auditor by the Co-operative institute. Auditors were under wrong presumption that they have to audit on the basis of documents and record supplied by the Co-operative institute.
 - It is expected that auditors should demand concealed record, if any, if they doubt accordingly. It may be noted here that, because of this flaw, maximum number of award under section 88 of MCS Act 1960 failed or set aside by competent authority.
 - Therefore to fasten the liability on auditors to have effectual inquiry under section 83 to 88 and other relevant provision, criminal liability is being fixed by new addition section 88 of MCS Act 1960.

- Fixing the liability of C.A & auditors, while discharging their duties as such.
 - Filing F.I.R by auditor's means involving criminal liability of concerned auditors too in case audit report found to be false/baseless. He has to prove criminal liability of person concern / officers/ MC members of society. The items in the audit, if not specified, of the concerned person, an auditor is expected to mention joint and several liabilities, which is lacking on number of occasion.

- Whether lodging F.I.R by an auditor is essential?
 - In my view, lodging is not necessary but in view of framing of legislature, the auditor is bound to do so. Actually auditors cannot be step into shoe of complainant. He who lodges the F.I.R is a complainant under Criminal Procedure code and Indian Penal Code. As a complainant, one has to prove before the Magistrate or Session court on oath liability of accused. So entire burden is on auditors, who become the complainant. The vice versa

liability can be fasten on auditor by said Magistrate or Session if he found to defective.[**I will Cite and discuss the various cases, wherein auditors are unnecessary harassed by police authorities and CBI authorities]**

- Alternative remedies to the auditor in case of F.I.R to be lodged.
 - Instead of becoming the complainant by lodging FIR, he should try to become witness in the criminal proceeding.
 - In case F.I.R to be lodged by auditors, he is supposed to remain present in person in Court of law. He has to spoil a day while doing so, therefore in my opinion; an auditor should enter into an agreement under Indian Contract with the officers of said Society or with concerned officers of Co-operative department, who orders him to do so. In this way, loss of professional earnings in the legal process will be compensated. **I will discuss this in detail during session.**

- Necessity of contractual obligation between Society & auditor.
 - As, I have said earlier, frequent visits to Criminal courts my amount to loss of valuable time of auditors and professional earnings too, therefore to make good loss of these thing contractual obligations be fixed under Indian Contract act, because attending the Court and cost thereof may be more than remuneration given to the auditors.

- After audit is over, consequences thereof.
 - After the trial in the Criminal Court and if the offence of misappropriation, misfeasance, misapplication of funds of the Society is established, the accused will be convicted. But in case strictures by Court on the audit report may cause my cause some hardship to auditors. Another litigation may arise to expunge such strictures and remarks of the Court.

Friends, we will discuss and I assure you full satisfaction in this regards.

Thanks for Opportunity.

Suresh Pawar