

**Regarding Audit Report, Acceptance
of Rectification Report & Ensure of
Rectification Report to be made by
the District Special Auditor on behalf
of the Registrar**

Office of the Commissioner Co-operation & Registrar Co-operative societies, Maharashtra, Pune

Out Ward No. Administration/ Section 81 (1) (G), 82/ Circular/ 254 /2015 dated 22/08/2015

CIRCULAR

Incidental to the subject mentioned above the orders and directives issued by this office circular no. 444 dated 30/04/2014 revoke by this circular. under section 81(1)(A) of the Maharashtra Co-operative Societies Act, 1960 the society shall make audit of its account at least one in the every financial year and where society will not appoint auditor by the resolution or where society will not make audit in the prescribed period, in such situation under the proviso, the concern registrar of the society should have to make appointment of the eligible auditor from the panel by order for the audit of the society.

Considering the said provision in the Law it was expected that statutory audit of the 2,30,000 Registered Societies should have to be completed. However it seems that only 49,000 societies have completed statutory audit. For the meritorious growth of the co-operative societies in the state and to bring notice to the members about economical & financial situation of the society & to preserve co-operation principals, values it is inevitable that 100% audit of all co-operative societies is must.

Before applying amended law the district special auditor class 1 was doing work like to demand audit report of all district wise societies, to preserve a list of Audited & Non Audited societies, similarly to peruse with registrar and society for making audit.

However after changes in the law the said work is being done by the district wise district deputy registrar. However due to inadequate in the office of the deputy registrar , similarly increase in the work load there are restrictions coming in the way of accepting district wise audit report, to take audit of the all societies in prescribed period to keep up to date supplementary list. Considering this situation if district special auditor, class-1 will undertake the district wise said work then the available human resources can be engaged in better way and it will be easy to received audit report of all societies and to submit proposal to concern registrar under proviso for issuing orders to those societies which have not made audit. Resultantly audit can be completed 100% of the society. In such situation it is necessary that the working under section 81 (1) (G) by the district special auditor behalf of the registrar.

It has been order by this circular that the district wise concern district special auditor, class 1 shall undertake expected following work under section 81 (1) (G).

I. Acceptance of Audit Report & Further Action on it:-

A. Appointment of CA firms, CA, Certified Auditors & Department Auditors

1. The District Special Auditor Class 1 shall determined society wise about whether the co-operative societies in the district have appointed auditor for current financial year in the annual

general meeting up to 30 September according to provision under section 81 (1) (A) & section 75 (2) (A) (1).

The district special auditor have to determined whether the appointment of the auditor in the general body meeting for current financial year and the name of the appointed auditor and his written consent for audit of concern society has been submitted to the concern registrar in the prescribed statement within 30 days period of the date of annual general body meeting.

2. After ensuring that those district wise societies have not appointed auditor for current financial year in the annual general body meeting & have defaulted in submitting statement regarding appointment of auditor; district special auditor shall submit proposal to the concern registrar for issuing audit orders under proviso of such societies.

B. Review of the Audit Working:-

3. Director board of every society shall prepare financial statement of society within 45 days (up to 15th May) from the end of every co-operation year and the concern district special auditor shall determine that such financial report where sent to the auditor appointed by the registrar or by the society for audit of the said society. (Rule 61)
4. Those societies who have appointed auditor under the proviso order or by last years General Body Meeting that society and district special auditor have determine that they have received the audit report within prescribed period or not.

The auditor has to complete the audit up to 30th July and after completion of audit shall have to submit his audit report to the society district special auditor within 1 month period from completion of audit & in any circumstances before giving the notice of the Annual General Body Meeting. The district special auditor shall take society wise action for getting submitted the audit.

5. The District Special Auditor shall take causes and effect wise, audit wise review about total how many societies statutory audit responsibilities have been assigned by resolution and proviso, and how many societies audit he has completed out of that, how many societies audit report have been issued, how many reports are pending and how many societies are remain to be audited.

The District Special Auditor shall peruse for taking the audit completed and to receive the audit report. The district special auditor and district deputy registrar shall jointly take the review meetings with societies and auditors appointed by the societies.

6. The District Special Auditor shall submit the specific report and special report submitted by the auditor with audit report at the end of the audit with appropriate remarks to the concern registrar.
7. The District Special Auditor shall submit specific review report regarding re-audit assign with order to the auditor, test audit, examination through mobile squad and peruse for completing special audit in time, to receive the report and for which reason the registrar was passed the order for the said examination in consistent to that reason with appropriate remarks to the registrar.

8. The District Special Auditor of the district in which state level and division level societies head quarter falls shall submit auditors appointment under above mentioned sr. no. 1 to 6 and supplementary information about working of the audit, report and proposal to the Commissioner Co-operation and Registrar and similarly to the Divisional Joint Registrar as per societies area of operation.

As per process mentioned above the District Special Auditor shall maintain district wise list of co-operative societies, active societies, the list of those societies which accounts audit has been completed with prescribed period, the list those societies which accounts audit has not been completed within prescribed period with the reasons. The District Special Auditor shall maintain coordination with societies and concern auditors and determine that accounts audit of the all societies will be completed within prescribed period.

The District Special Auditor will submit society wise monthly information regarding district wise auditor appointment and review of the working of the audit in the statement 1(A), 2(A) & 2(B) attached herewith to the district registrar.

II. Acceptance of Rectification Report and further Action on it:-

There is provision of rectification in the audit report under section 82. It has come to notice that considering rectification report received on large scale and further action on it is very less in proportion. Since rectification fulfillment has not done in time the same faults being continued in the next financial year. This matter will affect societies and members economical & social interest. Further recurring of the same faults the societies become weaker financially. It is necessary to take attention on the rectification in the report timely. Acceptance of the district wise rectification report behalf of the registrar under section 82 and to take further action on it should be done by the District Special Auditor.

A. Acceptance of Rectification Report and peruse for to receive Rectification Report:-

1. The District Special Auditor by taking completion of audit and by making factual relative rectification of faults in the received audit report will confirm that the concern society has submitted the rectification report in prescribed O form to the concern CA firms, CA, Certified Auditors and Auditors of the department for entering remarks.

The concern auditor after entering supplementary rectification appropriate remarks, the District Special Auditor shall received this audit within 3 months and submit to the concern registrar with the list faults not rectified.

2. The concern CA firms, CA, Certified Auditors and Auditors of the department after preparing rectification report shall submit its report by entering its remark on the receive rectification report to the District Special Auditor. The District Special Auditor shall submit the list of those societies and auditors who have not submitted rectification report to the concern registrar for further action.
3. The societies has to make rectification as per direction issued by the concern registrar and the District Special Auditor shall have to received the re-verification report by taking remark of the concern auditor and the same should have to be submitted again to the concern registrar.

4. Since it is the responsibility of the concern auditor to give matter wise remarks on the rectification report till society is not making all rectification in the audit report of the society and to submit his report to the District Special Auditor behalf of the registrar.
5. If society is default in making correction in the rectification report revert through the audit report or as per guidance of the registrar then the District Special Auditor shall submit proposal to the concern registrar under section 87(4) in respect of making rectification. The concern registrar shall take measures for doing rectification of the proposed societies. Expenses incurred on such measures shall be recover from one or many officers.
6. Those societies who shall not submit rectification report then it shall be deemed that all committee members have make and offence under section 146 and the District Special Auditor shall submit society wise proposal provided to the provision that such societies are eligible for penalty under section 147 to the concern registrar. Accordingly the concern registrar shall take further action under section 146, 147 & 148.
7. The District Special Auditor shall submit society wise monthly information regarding working of acceptance of district wise rectification report and further action on it in the statement 1(B) & 1(C) attaché herewith to the district deputy registrar.
8. The District Special Auditor in whose the state level and division level societies head quarter falls shall submit acceptance of rectification report mention above in sr. no. 1 to 6 and further action on it, supplementary information on it, report and proposal to the commissioner co-operation and registrar and also to the Divisional Joint Registrar with societies work of operation wise.

Therefore subject to the said circular and as per directives the concern district special auditor has to make working like acceptance of audit report and rectification report and incidental work with the help of Taluka Auditors. The district wise district deputy registrar and district special auditor shall have to make said working with coordination. The concern assistant registrar and Taluka Auditor shall submit review of the audit and rectification in their Taluka to the district deputy registrar and their District special auditor with joint signature up to the third date of the every month. Similarly District Deputy Registrar and District Special Audit department shall submit audit and rectification review on the state level with their joint signature up to the fifth date of every month in the five statements as sr. no. 1(A), 1(B), 1(C) & 2(A) 2(B). Since it is the prime responsibility of the Registrar even though acceptance of audit report, rectification report and determination of audit rectification report of all society is done by the District Special Auditor behalf of the Registrar, to take action subject to the said circular and suggestion shall be the responsibility of the concern district deputy registrar.

SD/-
(Chandrakant Dalavi)
Commissioner Co-operation &
Registrar Co-operative Societies
Maharashtra State, Pune

Circular : Audit Report, Acceptance of Rectification Report & Ensure of Rectification Report to be made by the District Special Auditor on behalf of the Registrar

Annexure 1 (C): Review Statement of Action Taken by the Registrar on Rectification Report

[illegible]

Circular : Audit Report, Acceptance of Rectification Report & Ensure of Rectification Report to be made by the District Special Auditor on behalf of the Registrar

Annexure 2 (A) Review Statement regarding the action taken by the Registrar on the Administrative Special Report submitted at the end of Audit

[illegible]

Circular : Audit Report, Acceptance of Rectification Report & Ensure of Rectification Report to be made by the District Special Auditor on behalf of the Registrar

Annexure 2 (B) Review Statement of the action taken by the registrar on Specific Report (Police Action)

[illegible]