



STRATEGIC APPROACH TO CO-OP AUDIT

CA SUNIL S. NAGAONKAR
M.COM., FCA, DISA

Index

- * **Distinguishing Features of co-op Audit**
- * Auditors Appointment
- * Section 81
- * Rule 69
- * Section 79
- * Audit Rectification Report
- * Important Provisions of MSC Act
- * Important Provisions of MSC Rules
- * Audit Program
- * Working Papers
- * Accounting Standards
- * Common mistakes made by Statutory Auditors

Distinguishing Features of Co-op Audit

- * Audit of all co-op societies once at least every year is the statutory responsibility of the Registrar and Society.
- * a) Registrar is keen to know how far the society has been successful in achieving the objects for which it was established.
- * b) The extent to which the members have benefited.
- * c) Whether the working of the society is being conducted according to co-op principles.
- * d) Scope of co-op audit is much wider than audit of joint stock company.
- * e) Committee members of society are mostly laymen so, audit has to be not merely critical but corrective and educative.

Special Features of Co-op Audit

- Examination of overdue debts .
- Verification of cash balance and securities .
- Valuation of assets and liabilities.
- Provisions of Act, Rules and Bye-laws.
- Personal verification of members and examination of there passbooks.
- Certification of bad debts.
- Assessment of damages.
- Awarding Audit classification.
- Auditor to be public servants.
- Power to seize records.
- Auditors right to receive notice of AGM.
- Responsibility for detection of frauds.

Auditors Appointment

- * Auditor Appointment shifted to society instead of Government.
- * The society shall cause to be audited its accounts at least once in each financial year and
- * cause it to be completed within a period of four months from the close of financial year to which such accounts relate and
- * in any case before issuance of notice of the holding of annual general body meeting,

U/s – 81(1)(a) – Restrictions on No of Audits

- Provided further that no auditor shall accept audit of more than twenty societies for audit in a financial year excluding societies having paid up share capital of less than Rs. one lakh.
- (a) Restricting the number of societies to 20 for carrying out the audits by the Auditor and
- (b) the clause No. F giving power to the societies to fix the remuneration of auditor.

U/s – 81(1)(a) – Report to be Given To

- Shall lay such audit report before the annual general body meeting.
- In case of apex society, the audit report shall also be laid before both houses of State Legislature, in such manner, as may be prescribed:

U/s – 81(1)(a) – Proviso

- If the registrar is satisfied that the society has failed to intimate and filed the return as provided by section 75 (2A) and section 79(1B) by order he may cause its accounts to be audited by an auditor from the panel of auditors approved by state.
- Auditors shall mean
 - a] A person who is Chartered Accountant.
 - b] An auditing firm of Chartered Accountant.
 - c] Certified Auditor.
 - d] A Government Auditor.

U/s – 81(2) – Examination or verification (9)

- 1] Overdue of debts
- 2] Cash and securities , Valuation of assets and liabilities.
- 3] Loans and Advances have been properly secured .
- 4] Transaction of society which are presented merely by book entries are not prejudicial to the interest of the society.
- 5] Loans and advances have been shown as deposits.
- 6] Personal expenses charged to revenue account.
- 7] It has incurred any expenditure in furtherance of its object.
- 8] Properly utilized financial assistance by Govt. for the purpose for which it was granted.
- 9] Society is properly carrying out its objects and obligations towards members.

U/s – 81(3) – Access to books of accounts

- **81(3)(a)** - Auditor shall for the purpose of audit at all time have access to all the books, accounts, documents, papers, securities, cash and other properties belonging to society.
- **81(3)(c)** - If it is brought to the notice of the Registrar that the audit report submitted by the auditor does not disclose the true and correct picture of the accounts, Registrar may carry out **TEST AUDIT**.
- **81(4)** - Every person who is an officer or employee of the society and every member and pass member shall furnish such information as regard to the transactions and working of the society.
- **81(5)** - Auditor shall have right to receive for all notices of AGM and to attend such meeting.
- **81(5B)** - Auditor shall submit his audit report within a period of one month from its completion and in any case before issuance of notice of AGM.
- **81(5B) - Proviso** - Where the auditor has come to a conclusion that any person guilty of offence relating to accounts or other offences. He shall file “**Specific Report**” with in a period of 15 days form the date of submission of his audit report.

U/s – 81 – Continued

- **81(5B) - Proviso** Auditor after obtaining written permission of registrar file first information report [FIR] of the offence. The auditor who fails to file FIR shall be liable for disqualification and his name shall be liable to be removed from the panel of auditors and also shall be liable to any other action as the registrar may think fit.
- **81(5B) - Proviso** If the auditor has failed to initiate action as specified above, The registrar shall cause FIR to be filed by person authorized by him.
- **81(5B) - Proviso** If the auditor finds that there are apparent instances of financial irregularities resulting into losses to the society caused by any member of the committee or officer of the society or by any other person, then he shall prepare a **Special Report** and submit the same along with his audit report. Failure to file such Special Report would amount to negligence in the duties of the auditor and he shall be liable for disqualification for appointment as an auditor.
- **81(6)** - On an application by society or otherwise registrar may provide **Re-audit.**
- **81(7)** - Special Audit if requested by RBI.

SPECIAL REPORT

Report may be prepared by the auditor giving the following details in his report:

- i. Names of the parties who have involved in the offence.
- ii. Amount of damages to be charged from each person or group of persons.
- iii. Offences suspected, with documentary proof.

SPECIAL REPORT

- iv. Relevant provisions of the bye-laws of the society, Co-op Societies Act And Rules & other laws if any be mentioned.
- v. Proof as to responsibility & authority as per bye-laws.
- vi. Date or period when such offence is occurred.
- vii. Documents & statements in support of the charges framed.
- viii. Auditors conclusions regarding the offence.

Submission of Audit Report

- * Audit should be completed before 4 months after the completing of financial year 31st March.
- * Report should be submitted within 1 month from completion of audit or before notice of AGM whichever is earlier.
- * AGM should be called before 30th Sept. (No extension)

- * Audit report is to be submitted along with –
- * Part A, Auditor Certificate, Financial Statements on CD as well as it is required to be upload on website.

Auditor and there Classification

- * Now Auditor can audit societies of any district i.e. he can audit societies of entire Maharashtra State.
- * Classification of Auditor – A Class, B Class & C Class
- * Classification of Societies – A Class, B Class & C Class
- * New panel period will be of 2 years.
- * Online Application should made for empanelment

Rule 69(1) (a) :

The audit of accounts of the societies shall be conducted by the auditor or auditing firm appointed by the society in its annual general body meeting within the period specified in the Act, from the panel of auditing firms or auditors whose names are listed as on the date of annual general body meeting and is approved by the State Government or authority authorized in this behalf.

Explanation .—For the purpose of this rule, Audit shall include annual, test, cost or performance, special and re-audit.

Rule 69(1) (b)

Audit of the society shall be completed within four months from the close of the financial year and the report, also in Compact Disc shall be submitted to the society and the Registrar as specified in sub-section (5B) of section 81 of the Act, and also Part A of audit report, audit certificate and audited financial statements shall be uploaded by auditor on official website of Co-operation Department :

Provided that, Apex Societies shall submit copies of audit report as specified by the Registrar to be laid before the State Legislature

Rule 69(1) (c) : Every apex society shall submit to the Registrar, required copies of audit memorandum in both **Marathi and English**, in print and compact disk form within sixty days from receipt of audit memorandum from the auditor of the society for each financial year. The Registrar shall submit these copies of audit memorandum received from such society to the State Government to be laid before the State Legislature :

Provided that, if any apex society fails to submit required copies of audit memorandum as mentioned in clause (c) of this sub-rule in due time, the said society shall submit reasons thereof in writing to the Registrar. The Registrar shall submit reasons in writing received from the said society to the State Government to be laid before the State Legislature.

Rule 69 (1)(d)

Before appointing the auditor or the auditing firm, the society shall ensure that, the auditor or the auditing firm proposed to be appointed for conducting its audit has not accepted the societies for audit exceeding the limit prescribed under the Act.[20 societies]

Rule 69 (1)(e)

Qualifications and experience of the auditor shall be as specified in Explanation - I to sub-section (1) of section 81.

Rule 69(1) (f)

The Registrar shall prepare, declare and maintain the panel of auditors and auditing firms from time to time in the following manner,—

(i) The Registrar shall call applications before the specified date as declared in the notice for empanelment from eligible auditors and auditing firms by a public notice to be displayed on the official website of the State Government and in any other mode, if required. Such notice shall also be published on the notice board of the office of the Registrar and District Deputy Registrars.

(ii) Every applicant shall submit only one application to the office of the concerned District Deputy Registrar of the District, where he ordinarily resides.

(iii) Applications received shall be scrutinized by the Committee presided over by the District Deputy Registrar consisting of the District Special Auditor of the District, representative of the Chartered Accountants of the District, representative of the Certified Auditors of the District as members and the Assistant Registrar (Administration) of the District shall function as Member Secretary of the said committee.

(iv) After scrutiny, the District Deputy Registrar shall submit list of eligible applicants to the Registrar along with their applications and documents. The Registrar may scrutinize the applications recommended by the District Committee.

(v) Any aggrieved applicant may approach to the Grievance Redressal Committee headed by the Divisional Joint Registrar, Divisional Joint Registrar (Audit), as member and Divisional Deputy Registrar of the Division shall function as Member Secretary of the said Committee and the decision of the Committee shall be final.

(vi) The Registrar shall cause to display a approved list of auditors and auditing firms panel on the official website of the Government.

(vii) the Registrar shall classify the societies and auditors for the purpose of audit in the following manner, namely:- A, B and C types.

Rule 69(1) (g) The criteria for removal of name of auditor or firm.

- i] Non- Submission of audit report
- ii] Non- discloser of true and correct picture of accounts
- iii] Audit is not completed within stipulated time.
- iv] Non submission of Specific Report
- v] Failure to file Special Report
- vi] Failure to file FIR
- vii] Non submission of scrutiny of audit rectification report
- viii] If in test or Re-audit auditor found responsible for commissions or omissions.
- ix] Auditor is borrower of society
- x] Auditor is or his family member is employee or ex-employee.
- xi] Auditor or partner in firm is also conducting internal audit.
- xii] Auditor or his family member is committee member.
- xiii] If he has conducted audit without appointment.
- xiv] If he is family member of employee of co-op dept.

- ❖ Rule 69 (3) :- Auditor shall submit audit memorandum in case of banks in form N1 and in case of other societies in form N2.
- ❖ Rule 69 (3) :- Auditor shall state whether accounting policies adopted by societies are consistent with Accounting Standards laid down by State Government or ICAI.
- ❖ Rule 69 (3) :- While certifying Profit and Loss account, auditor shall quantify effect of shortfall in various provisions like NPA, OIR, Depreciation etc. over profit or loss and state clearly that after considering effect of all provisions, whether there is profit or loss.

- ❖ Rule 69 (4) :- Audit memorandum shall state
- ❖ i] Whether he has obtained all the information and explanation.
- ❖ ii] Whether in his opinion proper books of accounts have been kept.
- ❖ iii] Whether Balance sheet, P & L accounts are in agreements with the books of accounts and returns.
- ❖ iv] Whether accounting standards adopted by society are in consistence with those laid down by state Govt. or ICAI.
- ❖ v] If the answer to the question is negative then audit memorandum shall specify the reasons.

- ❖ Rule 69 (6) :- Audit memorandum shall contain
 - ❖ i] Whether all transition which appears to be contrary to the provisions of Acts, Rules and Bye-laws.
 - ❖ ii] All sums which ought to have been but have not been brought into account by the society.
 - ❖ iii] Any material impropriety or irregularity in the expenditure or in the realization of moneys due to the society.
 - ❖ iv] Any other matters specified by the Registrar in this behalf.
- ❖ Rule 69 (7) Summary of audit memorandum shall be read out in AGM.
- ❖ Rule 69 (8) Registrar may specify the forms in which statement of accounts shall be prepared [From N]
- ❖ Rule 69 (9) Auditor shall award an audit classification.

Section 79 (1 A)

- ❖ Every society shall file returns within 6 months of close of financial year to Registrar
 - ✓ Annual report of activities.
 - ✓ Its audited statement of accounts.
 - ✓ Plan for disposal of surplus.
 - ✓ List of amendment to the bylaws
 - ✓ Declaration of date of holding Annual General Body Meeting & conduct of election when due.

Section 79 (1 B)

❖ Every society shall file return regarding name of auditor & his written consent within one month from Annual General Meeting.

AUDIT REPORT, AUDIT RECTIFICATION REPORT, AUDIT CLASSIFICATION

- Audit Report & Audit Memorandum.
- Audit Classification – Points to be considered.
- Audit Rectification Report.

AUDIT REPORT & AUDIT MEMORANDUM

Meaning Of Audit Report.

Audit report should include remarks regarding:

- i. Formation of capital.
- ii. Progress of business & result of business in relation to.
- iii. Scrutiny & analysis of financial position as indicated.
- iv. Other remarks regarding administration and social impact.

SUMMARY OF AUDIT MEMORANDUM

Summary may be prepared giving in short the observations regarding:

- i. Financial position of the society.
- ii. Observation of co-operative principles by the society.
- iii. Management & account books.
- iv. Position of over dues, doubtful & bad debts & irregular expenses & other recoveries.
- v. Serious objections taken in the audit memo regarding infringement of provisions of Act, rules & bye-laws.

AWARD OF AUDIT CLASSIFICATION

Classification of societies may be made on the following principles:

- 1) Observation of co-operative principles in the working of the society.
- 2) Financial position – Funds & their legal investment beneficial to society.
- 3) Business & turnover in quantity as well as beneficial to members.

AWARD OF AUDIT CLASSIFICATION

- 4) Management & Control – staff of the society – observation of rules & disciplines – qualifications of staff & maintenance of records.
- 5) Observance of provisions of Act, Rules & bye-laws.
- 6) Recovery of overdue-debts.
- 7) Rectification of audit objections.

AUDIT RECTIFICATION REPORT

- Section 82 of the M.C.S. Act, requires every society to explain to the Registrar within 3 months of the receipt of the audit report.
- It is the responsibility of the Auditors to call for the audit rectification report.
- To review the action taken by the society to the Administrative officer.
- It is the responsibility of the supervising unions & other federal bodies to which these societies are affiliated.

AUDIT RECTIFICATION REPORT

- The auditor has to forward the rectification reports to the District Dy. Registrar or Divisional Joint Registrars.
- The final action will be taken by the Dist. Dy. Registrar.

- * Online Generation of Audit Order from Sahakar Website.
- * A) It can be done by uploading resolution by society and acceptance by Auditor from their respective login.
- * B) It can also be done by skipping the uploading of resolution by society. In that case Auditor himself uploads the resolution taken from society.

- * Online submission of audit rectification
- * Online application for empanelment.

Important provision of MCS Act

- * Sec no. 23 Open Membership
- * Sec no: 24 Nominal Membership
- * Sec no : 28 Share Holding Limit
- * Sec no : 29 Restriction on Transfer of shares
- * Sec no : 32 Right of members to see books etc.
- * Sec no : 35 Expulsion of members (Rule no: 28/29)
- * Sec no : 37 Address of society
- * Sec no : 38 Register of Members.[J,J1,J2]
- * Section no 43: Restrictions on Borrowings.[Rule 35]
- * Section no 45: Restrictions on transactions with non-members[From K]

Important provision of MCS Act

- Section no 65: Net Profit & its Distribution
- Section no 66: Reserve Fund
- Section no 67: Restrictions on Dividend
- Section no 68: Education Fund
- Section no 70: Investment of Funds
- Section no 73: Committee , its powers ,duties
- Section no 75: AGM
 - ✓ a) Holding within 6 months
 - ✓ b) Agenda
 - ✓ c) Appointment of auditors
 - ✓ d) Responsible officer fails to conduct AGM will be penalize.

Important provision of MCS Act

- Section no 78: Remove a managing committee, or any of its members
- Section no 79: Annual Returns.
- Section 79A : Govt. powers to give directions in the public interest.
- Section no 80: Registrar's powers to seize records.
- (Rule 68 deals with the procedure for seizing a society's assets)
- Section no 83: Inquiry by registrar.
- Section 91: Settlement of disputes
- Section 101: Recover outstanding dues
- Section 146: Offences
- Section 147: Penalties

Important Rules of MCS Rules

- Rule 9: Bye-laws
- Rule 12: amending the bye-laws
- rule 23 : Valuation of shares
- Rule 24: Transfer of Shares
- Rule 25: Nominations of members
- Rule 31: Change of address
- Rule 35: borrowing limit
- Rule 42: Regulation of loans
- Rule 45A: FDR Loans
- Rule 49: write off of debts and losses
- Rule 49A: How to calculate Profit
- Rule 50: Appropriation of Profits

Important Rules of MCS Rules

- Rule 51: Provisions
- Rule 52: Bonus and Dividend Equalization Fund
- Rule 54: Investment of Reserve Fund
- Rule 55: Investment of Other Funds
- Rule 56: PF
- Rule 57: Prohibition against being interested in contracts
- Rule 57A: motion of no-confidence against officers
- Rule 58: disqualifications for Managing Committee Members.
- Rule 60: AGM

Important Rules of MCS Rules

- Rule 61: Annual financial statements within 45 days of the close of the co-operative year.
- Rule 62: Form of Balance Sheet, Profit & Loss Account [N]
- Rule 65: Account & books to be kept
- Rule 66: Copies of monthly return's (UCB)
- Rule 74: Remuneration to Auditor [29/10/2024]
- Rule 107A: Daily travel allowances
- Rule 107B: Handling of cash
- Rule 107C: Cash limits
- Rule 107D: Cheque Payments

Audit Program

- Vouching
- Breaches of provisions of Act, Rule and By-laws
- Minutes of AGM, BOD and Committee
- Verification and valuation of assets and liabilities.
- Scrutiny of loans including overdoes
- Adequacy of NPA provision.
- Scrutiny of control accounts.
- Capital Revenue Expenditure.
- Bank Reconciliation.
- Scrutiny of losses shortages wastages .
- Observation of borrowings.
- Scrutiny of contracts.
- Physical counting of cash, securities and stores.

Audit working papers

- Bye-laws of the society.
- Extract or copies important legal documents.
- Record of study of internal control.
- Copy of financial statements.
- Analysis of ratios
- Letters asking explanation classification.
- Important points of last year audit report.
- Audit intimation letter
- Extracts of minutes of BOD.
- Confirmation and letter asking conformation.
- Draft audit report.

Common Mistakes by Statutory Auditors

- * Appointment By Management Committee and not by General Body and still audit is accepted.
- * Audit is accepted even when not there in the Audit Panel maintained and approved by the State.
- * Audit is accepted without communicating with previous auditor.
- * Audit commenced without the consent letter and audit engagement letter given to the society.
- * Audit accepted even knowing that the previous audits are not done and society is advised to get the previous audits done by the auditor appointed by the Registrar.
- * Audit Rectification Report for previous year is not called for or not verified.
- * Audit is conducted without reading the Bye laws applicable to Housing Society.
- * System generated printouts are not called for wrt books of accounts and Financial statements such as Balance sheet and Income & Expenditure Account.

Common Mistakes by Statutory Auditors

- * Cash and Cheque vouching and posting not checked and verified.
- * Comparative analysis exercise of current year's Expenses and Incomes over previous year's Expenses and Incomes not done. Same way with provision and prepaid expenses and incomes.
- * Inadequate provisioning not commented upon or brought to the notice of the society.
- * Objections not raised for the slashed up Expenses or slashed down Incomes as well as for provisions and prepaid expenses or incomes.
- * Vouchers, Expense Ledgers and members personal ledgers are not scrutinised.
- * Bank Balance conformations and certificates not verified.
- * Physical FDs not verified with Investment Register.
- * Bank FD Interest Certificates for all the FDs not verified.
- * Major contract allotted by the society is not enquired and file not verified.

Common Mistakes by Statutory Auditors

- * Suspense Ledgers are not enquired upon or enquiry on how the Suspense Ledger is nullified is not made.
- * Bank Reconciliation statement is not verified.
- * The Minutes books wherein the decisions taken or resolutions passed may have bearing or impact on the accounts of the society are not verified.
- * The TDS ledger is not scrutinized and enquiries on its compliance is not made.
- * Elections and its procedure if applicable followed properly or not is not ensured.
- * Total for Balance Sheet and Income & Expenditure Account of inner as well as outer columns not checked physically incase of word/excel form of Balance sheet and Income and Expenditure Account.
- * Not discussing the Draft report with the Mgt. committee and not taking their sign off.

Common Mistakes by Statutory Auditors

- * Not taking the management representation before signing the financial statements and submission of Audit report Or management representation obtained but dated after the date of signing the audit report.
- * Not putting the Membership No, Audit Panel No, Firm Registration No. while signing the Audit Report

Chartered Accountants of India, New Delhi (hereinafter referred to as “the ICAI, New Delhi” has issued “Accounting Standards”, namely:-

Sr. No.	Accounting Standard No.	Name of Accounting Standard
1	1	Disclosure of Accounting Policies
2	2	Valuation of Inventories
3	3	Cash Flow Statements
4	4	Contingencies and Events Occurring after the Balance Sheet Date
5	5	Net Profit or Loss for the period, Prior period items and Changes
6	6	Depreciation Accounting
7	7	Construction Contracts
8	9	Revenue Recognition

Sr. No.	Accounting Standard No.	Name of Accounting Standard
9	10	Accounting for Fixed Assets
10	11	The effects of Changes in Foreign Exchange Rates
11	12	Accounting for Government Grants
12	13	Accounting for Investments
13	14	Accounting for Amalgamations
14	15	Employee Benefits
15	16	Borrowing Costs
16	17	Segment Reporting
17	18	Related Party Disclosures
18	19	Leases
19	20	Earnings per share
20	21	Consolidated Financial Statements
21	22	Accounting for Taxes on Income

Sr. No.	Accounting Standard No.	Name of Accounting Standard
22	23	Accounting for Invt. in Associates in Consolidated financial statements
23	24	Discontinuing Operations
24	25	Interim Financial Reporting
25	26	Intangible Assets
26	27	Financial Reporting of Interests in Joint Ventures
27	28	Impairment of Assets
28	29	Provisions, Contingent Liabilities and Contingent Assets

Sr. No. (1)	Level (2)	Type of Co-operative Societies and Co-operative Banks (3)	
1	Level : I	a) b) c)	<p>All Co-operative Banks.</p> <p>Co-operative Societies whose turnover (excluding other income) exceeds Rs. 50 crores in immediately preceding accounting year.</p> <p>Co-operative Societies having borrowing including deposits exceeds Rs. 10 crores at any time during immediately preceding accounting year.</p>
2	Level : II	a) b)	<p>All Co-operative Societies having turnover (excluding other income) exceeds Rs. 1 crore but does not exceed Rs. 50 crores in immediately preceding accounting year.</p> <p>All Co-operative Societies having borrowing (including deposits) exceeds Rs. 1 crores but does not exceed Rs. 10 crores at any time during immediately preceding accounting year.</p>
3	Level : III	All Co-operative Societies not covered in Level I and II above.	

Applicability of “Accounting Standards (AS)” to different Levels are as under :-

Sr. No. (1)	Level (2)	Applicable Accounting Standards (AS) (3)
1	Level : I	AS : 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17,
2	Level : II	18, 19, 20, 22, 24, 26, 28 and 29
3	Level : III	AS : 1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 22, 24, 26, 28 and 29. As : 1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 19, 20, 22, 26, 28 and 29.

Note:- Exemptions in applicability of AS : 19, 20, 28 and 29 to Level : II and III Co-operative Societies are as under :-

AS (1)	Level : II – Co-operative Societies (2)	Level : III- Co-operative No. Societies (3)
19	<p>Certain disclosures relating to reconciliation and break up of minimum sublease payments, minimum sublease payments and general descriptions are not applicable, namely :-</p> <ul style="list-style-type: none"> ●paragraph 22 (c), (e) and (f); ●paragraph 25 (s), (b) and (e); ●paragraph 37 (a) and (f); and ●paragraph 46 (b) and (d). 	<p>Same as level : II entities. Further disclosure of accounting policy of initial direct costs is not applicable namely :-</p> <ul style="list-style-type: none"> ●paragraph 37 (g); and ●paragraph 46 (e).
20	<p>Dilute earning per share (both including and excluding extraordinary items) is not required to be disclosed.</p>	<p>Same as level : II entities. Further, information required by paragraph 48 (ii) is not required to be disclosed.</p>

AS (1)	Level : II – Co-operative Societies (2)	Level : III- Co-operative No. Societies (3)
28	<p>Have an option to measure ‘value in use, on the basis of reasonable estimate thereof instead of using present value technique.</p> <p>Consequently, if they exercise that option, the relevant provisions of AS : 28 such as discount rate etc. and the disclosure requirements of paragraph 121 (g) will not be applicable</p>	Same as level : II entities.
29	Paragraphs 66 and 67 relating to certain disclosure not applicable.	Same as level : II entities.

Credit Co-operative Society Audit

Activities: Accepts deposits & grants loans to members

Key Focus Areas:

- NPA identification & provisioning
- Interest calculation & overdue classification
- Loan documentation & surety verification
- Member ledger & recovery register

Audit Checkpoints:

- ✓ Verify loan sanctioning process & approvals
- ✓ Check interest computation accuracy
- ✓ Review NPA norms & provisioning adequacy
- ✓ Reconcile loan register with member ledger
- ✓ Verify deposit receipts & share certificates

Compliance: Sec. 79, Sec. 81 MCS Act, Loan Policy

Dairy Co-operative Society Audit



Activities: Milk collection, processing & sale of milk products to members & market. Key Registers: Milk Collection Register, Member Payment Register, Stock Register, Subsidy Register, Procurement Records. Audit Procedures: Verify milk quantity & rate reconciliation; check member payments & subsidy utilisation; review spoilage/loss records & procurement controls. Compliance: Sec. 79 & 81 MCS Act, Subsidy Guidelines. Auditor Checkpoints: Reconcile procurement vs. payment records; verify stock balances; confirm subsidy receipts & utilisation; check for under-recording of milk quantity & spoilage losses.

Urban Co-operative Bank Audit

KEY AUDIT AREAS & CHECKPOINTS

RBI Compliance: Verify adherence to Banking Regulation Act & RBI circulars. Check CRR/SLR maintenance, capital adequacy ratio, and statutory returns (Form I, II, III).

NPA Classification: Review loan accounts for correct NPA tagging — Sub-standard, Doubtful, Loss. Verify provisioning norms as per RBI guidelines. Check overdue interest and recovery actions.

KYC & Deposits: Verify KYC documents for all deposit accounts. Check account opening forms, nomination records, and FD registers. Reconcile deposit ledger with trial balance.

Investment Portfolio: Verify investment register, SLR investments, and valuation. Check board approvals and compliance with investment policy.

Internal Controls: Review loan sanctioning authority, dual control on cash, and IT system access controls. Check internal audit reports and compliance.

Auditor Checkpoints: Loan ledger | NPA register | Investment register | KYC files | Compliance reports | Board minutes | RBI inspection reports



**Thank you for Getting involved
in the discussion!**

CA SUNIL NAGAONKAR ,

Mo: 9823124333

EMAIL:sunilca2005@gmail.com