

DIRECTORATE OF COOPERATIVE AUDIT: ODISHA: BHUBANESWAR.

Letter No.VI (4) 280/09 1006⁰⁹ Audit-2

Dated. 4/3/14

To

The Assistant Auditor General of Cooperative Societies of Circles.

Sub: Database on Directors of Urban Cooperative Banks.

Madam/Sir,

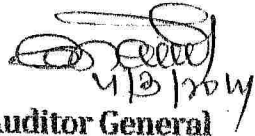
In inviting a reference to the subject cited above, it is to enlighten that though the primary (Urban) Cooperative banks have been functioning under the supervision and control of Reserve Bank for banking related functions in terms of the powers vested in it under Banking Regulation Act, 1949 (As applicable to Cooperative Societies) and the Reserve Bank of India Act, 1934, the Board of Directors have a vital role in the administrative and managerial functions of the bank as per provisions of the Cooperative Societies Act and Bye Laws. The Board of Directors is primarily concerned with the formulation of Policies Keeping in view the guidelines issued by RBI and State/Central Government and exercise overall supervision and control over functioning of the bank, leaving day to day administration to the Chief Executive Officer. Since the important managerial functions like credit decisions, recovery, submission of inspection, compliance, computerisation etc. are vested with the Board of Directors, the RBI has already prescribed 'fit and proper' criteria for Directors of Urban Cooperative banks to ensure a certain degree of professionalism in Board of Directors. As stipulated by RBI, the banks should have atleast two directors with suitable banking experience (at middle/senior management level) or with relevant professional qualification in the field of law, accountancy and finance. In view of the above, RBI is keen to maintain a data base on the Board of Directors of all the Urban Cooperative banks in the state. The matter was discussed in the 20th meeting of the state level Task Force for Urban Cooperative banks in Odisha (TAFUB) held on dtd.22.01.2014 and it was decided that the required information is to be furnished to RBI for maintenance of Database on the Elected Board of Directors.

Hence, in order to meet the requirements, it is now mandatory for all the Urban Cooperative banks in the state including Utkal Cooperative Banking Society to maintain Database on Board of Directors, information with regard to Board of Directors who were superseded and who were removed due to malpractices, qualifications etc. and it is the duty and responsibility on the part of the auditor(s) to check this aspect perfectly while conducting audit of such Urban Cooperative banks.

In this context, the Assistant A.G.C.S of circles are impressed upon to issue suitable instructions to all the auditors under their administrative control to examine this aspect meticulously and suitably comment in the concurrent/ interim/ statutory audit report as the case may be.

The above instructions shall be followed scrupulously without deviation. Action taken in the matter be reported to the undersigned forthwith.

Yours faithfully


Auditor General

Cooperative Societies, Odisha.

Memo No. 1007 (16) 1

Dated. 4/3/14 1

Copy forwarded to the Chief Executives of Urban Cooperative banks/ Utkal Cooperative Banking Society for information and immediate action. They are requested to maintain Database information on various aspects relating to Board of Directors and produce the same to audit for checking.


Auditor General

Cooperative Societies, Odisha.

Memo No. 1008 1

Dated. 4/3/14 1

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


Auditor General

Cooperative Societies, Odisha.

10 spare copies.


AKS.28.02.2014.