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DIRECTORATE OF COOPERATIVE AUDIT: ODISHA: BHUBANESWAR.

Circular No.VI(I) 43/2016 5241 / Audit-8 Dated. 26/08/16

Sub: Yardstick/ Norms for audit of Cooperative institutions based on work-time study and annual authorisation to be made to auditors as per Annual Programme for audit in circles.

Allotment of days to auditors for conducting audit of different type of Cooperative Societies is at present being regulated by the yardstick/ norms prescribed in this Directorate Circular No.7709 dtd.18.06.2001. It was stipulated in the above circular that the AAGCS of circles shall prepare the Annual audit programme and Annual audit authorisation to the auditors on the basis of the said yardstick. The situation, in the meantime, has undergone a lot of changes, especially in the functioning PACS and Cooperative banks. Common Accounting System and Management Information System have been introduced in these organisations. Paddy procurement operation has also been implemented. Due to escalation in the scale of finance as well as the Credit limit, the amount of loans extended to farmers has been increased. High value deposits has also been tapped. The market prices of commodities have risen and accordingly, the rate has been fixed by Government from time to time. The above facts urge to bring out necessary modification in the existing yardstick for allotment of days to auditors considering the practical aspects of implementation in the field and therefore, revision of yardstick/ norms, particularly allotment of days for conducting audit of PACS (SCS/FSS/LAMPCS) and Banks in the changing environment was active consideration of this Directorate some time now.

The yardstick for audit of different types of Cooperative Societies indicating the maximum number of mandays to be allotted to the auditors under normal circumstances is now modified and enclosed to this circular for adoption by all concerned.

It is hereby instructed that the AAGCS of circles should allot number of mandays on the basis of the yardstick while making audit authorisation in favour of the auditors for conducting audit of different types of Cooperative Societies under their area of operation. If for any exceptional case, more number of days required by the auditor, the AAGCS concerned is to examine the reason and if satisfied, may allow reasonable number of extra days and the reason for allowing such extra days should be recorded in writing. But in no case, any deviation from the prescribed yardstick be allowed beyond 10 percent of the mandays so prescribed, unless there is allegation or suspicion of defalcation, illegalities, grave financial irregularities etc, noticed during audit for which detailed examination of records/ documents is required. In such case, the Assistant A.G.C.S should allow required number of extra days on due examination of Justification to be submitted by the auditor in writing and such orders of AAGCS shall also be recorded. But normally, no extra day beyond the days prescribed in the yardstick be allowed without any convincing reason.

All AAGCS of Circles are to prepare their Annual audit programme and allot number of days for the purpose of audit of different types of Cooperative institutions on the basis of Yardstick now prescribed. Distribution of works amongst auditors has to be made on the basis of actual auditable working days at disposal during the year as arrived at on the basis of following calculation.

Total days	365
Minus (-)	
(i) Sunday	52
(ii) Second Saturday	12
(iii) Other Government holidays	25
(iv) Local holiday	01
(v) Optional holiday	01
(vi) Staff meeting	12
(vii) Casual Leave	15
Total	118
Minimum available mandays including transit	247

Transit days be allowed from these 247 days basing on the location and accounts of societies allotted to an auditor by allotting audit of nearby societies, say a block, together. Adequate care be taken to ensure that an auditor is allowed to audit in a compact area throughout the year like within the Jurisdiction of a block, by which the transit days can be reduced substantially and utilised for audit purpose. Allotment of Cooperative Societies made to auditors should ordinarily be made uniformly and fairly with auditors getting some large and small societies for audit.

It is imperative to note that there should be no deviation in the Annual Audit programme or Annual authorisation made to the auditors, except unavoidable circumstances. Change in allotment shall be done by AAGCS of circles only on strong administrative grounds after taking prior approval of the Head quarters of the Directorate.

The instructions contained in the circular shall take immediate effect from the date of issue.

Prasan
25.8.16.

Auditor General
Cooperative Societies, Odisha.

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Memo No. 5242 / Dated. 26/8/16 /

Copy forwarded to all Assistant A.G.C.S of Circles for information and necessary action.

25/8/2016

Deputy Auditor General of
Cooperative Societies, Odisha.

Memo No. 5243 / Dated. 26/8/16 /

Copy forwarded to the RCS, Odisha/ Director, Textiles and Handlooms/ Director, A.H & V.S, Odisha/ Director of Fisheries, Odisha/ Director of Handicraft and Cottage Industries, Odisha/ Director of Agriculture and Food Production, Odisha for information and necessary action. He is requested to issue suitable instructions to all concerned for maintenance of up to date records so that the audit work is completed within the time allotted as per yardstick.

25/8/2016

Deputy Auditor General of
Cooperative Societies, Odisha.

Memo No. 5244 / Dated. 26/8/16 /

Copy forwarded to the Managing Directors of all Apex Cooperative institutions/ Secretaries of all DCCBs/ UCBs/ DRCS of Divisions/ ARCS of circles for information and necessary action. He is requested to instruct their field functionaries to ensure maintenance of record by the Cooperative Societies functioning under their jurisdiction so as to facilitate completion of audit work within the stipulated time frame.

25/8/2016

Deputy Auditor General of
Cooperative Societies, Odisha.

Memo No. 5245 / Dated. 26/8/16 /

Copy submitted to the Deputy Secretary to Government of Odisha, Cooperation Department for information and necessary action.

25/8/2016

Deputy Auditor General of
Cooperative Societies, Odisha.

Copy to Audit-1/ Audit-3/ Computer Cell/ 15 S.C.

AKS.17.08.2016.

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Yardstick for days to be allotted for audit of Cooperative institutions.

01. UCB/CCB:-

a) Branch/ HO of CCBs/ UCBs:- 700 Vouchers per day to be checked. Total 40 days be allotted. However, depending upon the transactions of branch, more days may be allotted.

(except where concurrent audit is in vogue, maximum 10 days after the end of financial year for completion the branch audit and submitting branch audit report).

b) Final Audit of Bank:- Maximum 30 days.

02. CARD Banks:-

a)	Audit commencement, verification of cash and securities, study of Bye-Laws and rules of business etc.	1 day
b)	Management audit like constitution of Board of Management, eligibility of Directors, functioning of key personnel, distribution of work, maintenance of document and records etc.	2 days
c)	Loan Vouching	1000 Vouchers per day
d)	Ledgering and checking of balance register (cent percent starting with ledger as basis)	500 accounts per day
e)	Verification of loan documents (all) and their preservation	2 days
f)	Test checking of Interest calculation and physical verification of loan of at least 10 loanees	2 days
g)	Checking of NPA Register	2 days
h)	Misc. Nature of transactions like establishment expenditure etc	2 days
i)	Checking of closing entries & financial statements	2 days
j)	Drafting, typing etc. of Audit report	3 days

N.B:- Loan vouching covers both loan release vouchers and recovery vouchers.

03. RCMS/ W.C.C Store/ Specialised Marketing C.S:-

a)	Obtaining bank transactions	1 day
b)	Audit commencement, verification of cash and securities etc; study of Bye-laws, Rules of Business	1 day
c)	Management audit like constitution of Board of Management, eligibility of Directors, functioning of key personnel, distribution of work, maintenance of books of accounts & other records etc.	2 days
d)	Vouching	500 vouchers per day

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e)	Checking of procurement Register, purchase register	3 days
f)	Checking of costing Register, Sales Register	3 days
g)	Misc. Transactions like salary, sitting fee etc.	1 day
h)	Other asset verification	2 days
i)	Checking of closing entries & financial statements	1 day
j)	Drafting of report & typing	2 days

04. S.C.S:-

a)	Bank transactions	1 day
b)	Commencement of audit, verification of cash, postage, securities etc & study of bye-laws, rules of business, constitution of Board of Management, eligibility of Directors for holding office, duties and responsibilities of staff, schemes etc.	2 days
c)	Loan vouching and ledgering including share register, Balance Register, Loan Register	Rs.40.00 Lakhs per day
d)	Misc. Nature of transactions like salary, sitting fee etc.	1 day
e)	Fertiliser & consumer business transaction and Paddy procurement business, seeds etc, (all connected records)	Rs.30.00 Lakhs per day
f)	Deposit vouching and connected subsidiary registers, personal ledgers, Balance register	Rs.50.00 lakhs per day or 700 vouchers per day
g)	Checking of General ledger	2 days
h)	Checking of closing entries, adjustment entries, financial statements	2 days
i)	Drafting, typing of report	4 days

N.B:- Where deposit counter is not functioning, no days to be allowed for Sl. No.(f) and one day each is to be reduced in Sl. No.(h) & (i).

05. LAMPCS/ FSS:-

a)	Bank transaction	1 day
b)	Commencement of audit, verification of cash, postage, securities etc. & Management audit like study of bye-laws, rules of business, constitution of Board of Management, eligibility of Directors for holding office, duties and responsibilities of staff, schemes etc.	2 days
c)	Loan vouching & ledgering including share Register, Balance register, loan ledger	Rs.40.00 lakhs per day.
d)	Misc. Nature of transaction like sitting fees, salary etc.	1 day

e)	Fertiliser and consumer business including paddy procurement, Forest produce, seeds etc. (all connected records)	Rs.30.00 Lakhs per day.
f)	Deposit vouching including checking of all connected subsidiary registers and personal ledger, Balance Register	Rs.40.00 Lakhs per day or 700 voucher per day
g)	Checking of General ledger	2 days
h)	Checking of closing entries, adjustment entries, financial statements	3 days
i)	Drafting and typing of report	4 days

N.B:- Where deposit counter is not functioning, no days to be allowed for Sl. No.(f) and one day each is to be reduced in Sl. No.(h) & (i).

06. Weaver C.S/ Tassar C.S:-

a)	Obtaining Bank transaction & transaction from state Handloom	1 days
b)	Commence of audit, verification of cash, postage, security etc; & management audit like study of Bye-laws, Rules of business, schemes, constitution of Board of Management, eligibility of Directors for holding office, Duties and responsibilities of staff, commencement of audit with cash verification.	1 day
c)	Checking of vouchers	700 per day
d)	Checking of Purchase register (Yarn, Bandha, dyeing materials etc.) and Stock Register of purchases.	1 day
e)	Checking of Registers for issue of materials to members	1 day
f)	Finished cloth collection register and costing register	1 day
g)	Sale Register	1 day
h)	Personal Ledgers/ registers etc. & other ledgers	1 day
i)	Checking of transactions relating to Management i.e. salary, sitting fee, T.A etc.	1 day
j)	Checking of financial statement, drafting and typing of report	2 days

07. House Building C.S:-

a)	Commencement of audit, verification of cash, postage, securities etc; schemes, Rules of business etc.	1 day
b)	Checking of management aspect like committee constitution, eligibility of committee members/ functioning of key personnel, staff position, committee meeting etc.	1 day
c)	Voucher Checking	700 per day
d)	Checking of loan ledgers & Loan files & Balance Register	2 days
e)	Checking of transaction & records relating to management like salary, T.A etc. and other records	1 day

f)	Checking of General ledger, closing & adjustment entries and financial statements	2 days
g)	Drafting and typing of report	2 days

N.B:- If the society has made transaction on purchase and sale of land & or other construction activities, extra days may be allowed on reasonable consideration.

08. Employees Credit C.S:-

a)	Commencement of audit, verification of cash, postage, securities etc; and checking of management aspect.	1 day
b)	Voucher checking	700 per day
c)	Checking of loan ledger including Balance register	1 day for each Account.
d)	Checking of all other records and registers	1 day
e)	Checking of financial statement including closing and adjustment entries.	1 day
f)	Drafting and typing of audit report	2 days

09. Other Credit C.S/ Primary Consumer Store/ Multipurpose C.S:-

Reasonable days are to be allotted taking into consideration the nature of transaction, volume of transaction and number of records maintained etc.

10. Fisheries Cooperative Societies:-

Maximum 5 days be allowed including drafting and typing of Audit report. In exceptional case, where transactions are heavy, more days may be considered.

11. Panchayat Industries Cooperative Societies:-

Since most of PICS are having very limited business activities at present, not more than 10 days be allowed. Days taken in audit for the previous year may be referred & number of days may be reduced, depending on transactions.

12. Other Industrial Cooperative Societies:-

Not more than 5 days be allowed depending on the business activities of societies at present. Where transactions are more, more days may be considered.

13. G.M Cooperative Societies:-

Depending upon volume and nature of transactions, days may be allotted. But the maximum days be restricted to 20 in any case.

14. District Milk Union:-

a) Maximum 20 days where the Milk Union is not covered under operation flood.

b) Maximum 40 days may be allotted for milk unions under operation flood. More days may be allotted depending upon volume of transaction.

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15. **Anand Pattern Milk C.S:-**

a)	Commencement of audit, verification of cash, postage, securities and examination of management aspect & Bank transaction.	1 day
b)	Vouching	700 vouchers per day
c)	Milk collection Register & Milk sale register and payment of dues to members & receipt of dues from Dist. Union.	1 day
d)	All other records	1 day
e)	Examination of financial statements, preparation of Audit report.	1 day

16. **Traditional MPCS: Poultry C.S and other Live Stock C.S:-**

Maximum 5 days be allowed for each C.S.

17. **All other primary societies:-**

Considering transaction and business activities, days are to be allowed. But it should not exceed 5 days. In case of large volume of business, more days be given as per requirement.

18. **Other Central & bigger type of C.S:-**

The AAGCS is to personally visit the society and assess the mandays required keeping in view the available manpower and target set for the circle.

19. **Societies under liquidation:-**

At least 1 days per 1 society per auditor.

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