

DIRECTORATE OF COOPERATIVE AUDIT : ODISHA: BHUBANESWAR.

Letter No. VI(4) 23/01. 6991 C165 / Legal/ Dated: 11.12.201

To:

All the Assistant Auditor General,
of Cooperative Societies, of Circles.

Sub:-

Engagement of Advocates on behalf
of the Cooperative Organisation.

Sir,

It has come to the notice of the undersigned through various allegations/complaint petitions that in some cases advocates/ counsels are being engaged in different courts (....) to defend the cases filed against the employees/Officer Office bearers where individual interest is involve (at the cost of the Cooperative Institutions they belong to). As a result huge expenditure are incurred on the head of legal expenses, thereby causing loss to the Society.

Unless the cases filed against the larger interest of the Society are properly defended, there may be number of problems which may handicap the progress of the Society. In such cases the engagement of advocates/ counsels and expenses there on is permissible/acceptable.

The matter has been examined in detail to the regularity and propriety of such expenditure. In all such cases the action of the A.G.C.S.(O) is basically geared toward the larger interest of its members.

However, while incurring such expenditure necessary formalities under OCS Act & Rules would have to be observed by the concerned Society.

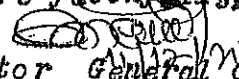
In view of the above it is clarified that no expenditure on engagement of advocates is allowed where any individual interest of an employee/Officer or Officer bearer(s) of the Coop. Society including president, representative of the committee of management of the said Society is involved for supersession/suspension/surcharge/dispute action has been initiated against any of them under relevant provision of the OCS Act & Rules by Govt./RCS/AGCS (O) or other Govt. authority or courts.

(P.T.O.)

Hence all such legal expenses and other expenditure incurred by the Officers/ Office bearers from the Society's fund other than larger interest of the entire Coop. Society is to be treated as irregular and improper and hence expeditiously recovered from them by initiation of surcharge proceedings after mentioning the same suitably as audit recoveries in the financial statement of audit report/ special audit reports of the concerned Society.

This instruction shall immediately be communicated amongst all auditors of your Circles for implementation and guidance.

Yours faithfully,


Auditor General of
Cooperative Societies, Odisha.

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S.D.