

**CHAPTER VIII
AUDIT, INQUIRY, INSPECTION AND SUPERVISION**

81. Audit.—

(1) (a) The society shall cause to be audited its accounts at least once in each financial year and also cause it to be completed within a period of six 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, by auditor or auditing firm from a panel prepared by the Registrar and approved by the State Government or an authority authorised by it in this behalf, possessing required qualifications and experience as may be prescribed to be eligible for auditing accounts of societies, appointed by the general body of a society, as provided in sub - section (2A) of section 75 and 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 the State Legislature, in such manner, as may be prescribed:

Provided that, if the Registrar is satisfied that the society has failed to intimate and file the return as provided by sub - section (2A) of section 75 and sub-section (1B) of section 79, by order, for the reasons to be recorded in writing, he may cause its accounts to be audited, by an auditor from the panel of the auditors approved by the State Government or an authority authorised by it in this behalf:

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 rupees one lakh:

Provided also that, the Registrar shall maintain a panel of auditors and auditing firms as approved by the State Government or an authority authorised by it in this behalf;

(b) the manner of preparation, declaration and maintenance of the panel of auditors and auditing firms by the Registrar shall be such as may be prescribed;

(c) the board of every society shall ensure that the annual financial statements like the receipts and payments or income and expenditure, profit and loss and the balance-sheet along with such schedules and other statements are audited, within the prescribed period;

(d) The Registrar shall submit the audit report of every apex co-operative society to the State Government annually for being laid before the both Houses of the State Legislature in the manner prescribed;

(e) The auditor's report shall have,-

(i) all particulars of the defects or the irregularities observed in audit and in case of financial irregularities and misappropriation or embezzlement of funds or fraud, the auditor or the auditing firm shall investigate and report the modus operandi, the

Relevant extract of Section 81 of Maharashtra Co-Operative Societies Act 1960

entrustment, amount involved, and fix the responsibility for such misappropriation or embezzlement of funds or fraud, on the members of the committee or the employees of the society or any other person, as the case may be, with all necessary evidence;

(ii) accounting irregularities and their implications on the financial statements to be indicated in detail in the report with the corresponding effects on the profit and loss;

(iii) the functioning of the committee and sub-committees of the societies be checked and if any irregularities or violation are observed or reported, duly fixing the responsibilities for such irregularities or violations;

(f) the remuneration of the auditor or auditing firm of a society shall be borne by the society and shall be at such rate as may be fixed by general body of the society;

(g) the Registrar shall maintain the list of societies district-wise, the list of working societies, the list of societies whose accounts are audited, the list of societies whose accounts are not audited within the prescribed time and reasons therefor. The Registrar shall co-ordinate with the societies and the auditors or auditing firms and ensure the completion of audit of accounts of all the co-operative societies in time every year.

Explanation-I.- For the purposes of this section, the expression, "possessing required qualifications " for being included in the panel duly approved by the State Government or an authority authorised by the State Government in this behalf, from time to time shall, mean and include -

(a) a person who is a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949, who has a fair knowledge of the functioning of the Societies and an experience of atleast three years in auditing of societies with a working knowledge of Marathi language;

(b) "auditing firm" means a firm of more than one Chartered Accountant within the meaning of the Chartered Accountants Act, 1949, who have a fair knowledge of the functioning of the societies and an experience of atleast three years in auditing of societies with a working knowledge of Marathi language;

(c) "a certified auditor" means a person who holds a Degree from recognised University and also has completed a Government Diploma in Co-operation and Accountancy and having a fair knowledge of the functioning of the societies and who has an experience of atleast five years in auditing of societies with a working knowledge of Marathi language;

(d) "Government Auditor" means an employee of the Co-operation Department of the State, possessing the Graduation or Post Graduation Degree, in addition to the Higher Diploma in Co-operative Management or the Diploma in Co-operative Audit or Government Diploma in Co-operation and Accountancy with a working knowledge of Marathi language and who has completed the period of probation successfully;

Explanation II.- The terms and conditions for inclusion and retention of name as an auditor or auditing firm in the panel of auditors shall be subject to the terms and conditions, as may be prescribed."

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