

## **UNDER SECTION 4 OF RIGHT TO INFORMATION ACT, 2005**

The Department of Cooperative Audit is functioning under the administrative control of Finance Department of the Government of Tamil Nadu with effect from 17.06.1981 as per Government Order No. 677, Cooperation Department, dated 22.11.1978.

### **(I) ORGANISATION, FUNCTIONS AND DUTIES [(Section 4 (b)(i)) :**

The Department of Cooperative Audit consists of THREE TIER MANAGEMENT set up as indicated below:-

<b>Top Level</b>	<b>..</b>	<b>Director of Co-operative Audit</b>	<b>..</b>	<b>1</b>
<b>Middle Level</b>	<b>..</b>	<b>Joint Director of Co-operative Audit (Regional)</b>	<b>..</b>	<b>4</b>
<b>Lower Level</b>	<b>..</b>	<b>Assistant Director of Co-operative Audit</b>	<b>..</b>	<b>31</b>

The Department of Cooperative Audit as contemplated in Section 80 of the Tamil Nadu Cooperative Societies Act, 1983 read with Rules 101, 102 and 103 of Tamil Nadu Cooperative Societies Rules, 1988 has to audit the accounts of all Cooperative Societies in this State (Except Multi State Co-operatives and Milk Cooperatives) which are functioning under the administrative control of 14 Functional Registrars.

Under Section 80 of the Tamil Nadu Cooperative Societies Act, 1983 and as per Rules 101, 102 and 103 of Tamil Nadu Cooperative Societies Rules, 1988, the Registrar (Audit) shall audit or cause to be audited by a person authorised by him by general or special order in writing in this behalf, the accounts of every registered society once at least in every cooperative year and communicate the result of the audit to the registered society concerned. There are two types of audit of Cooperative Societies viz. 1. Audit under Concurrent Terms and 2. Audit under Fundamental Rule 127 terms. The Registrar (Audit) shall specify the fees payable by the societies for audit of their accounts for each cooperative year. The Government have exempted certain Co-operatives from the payment of audit fees, the details of which are given under XII below.

### **(II) POWERS AND DUTIES OF OFFICERS AND EMPLOYEES [Section 4(b)(ii)]**

The powers and functions of the Director of Co-operative Audit Vis-à-vis Joint Director of Co-operative Audit (Head Quarters), Regional Joint Directors of Co-operative Audit and Assistant Directors of Co-operative Audit as per the provision of the Co-operative Societies Act/Rules are as follows :-

- (a) Under the existing set up, the audit of all Co-operative Societies (except Multi State and Milk Co-operatives) is carried on by the Director of Co-operative Audit. Director should audit or cause to be audited by some person authorized by him by general or special orders in writing in this behalf, the accounts of every registered society once atleast in every year.
- (b) The Joint Director of Co-operative Audit (Head-Quarters) issue the audit certificates of all the Apex Co-operative Institutions.

- (c) The Regional Joint Directors of Co-operative Audit issue the audit certificates of all Central Co-operative Banks, Co-operative Spinning Mills, Co-operative Sugar Mills, Co-operative Whole Sale Stores and Societies managed by officers of State Services. They review the progress of audit and issue reviews in their tours.
- (d) The Assistant Directors of Co-operative Audit issue audit certificates of all societies other than the societies for which Audit Certificates are to be issued by the Joint Director of Co-operative Audit (Head-Quarters), Regional Joint Directors of Co-operative Audit and by Circle Co-operative Audit Officers working under them. The Assistant Director of Co-operative Audit should also conduct review of work of all Auditors on every pay day of the month. They should see that no auditor in the circle, audit the same Co-operative Societies for more than 3 years (Vide Director's Circular Rc.No.22229/99/AS3, Dated.26.5.1999) Further if any difficulty is experienced by the auditors for the completion of audit, Assistant Director of Co-operative Audit should visit such societies and solve the problem without any delay.
- (e) Circle Co-operative Audit Officers working under the control of the Assistant Directors of Co-operative Audit issues the audit certificates of the societies mentioned in the paragraph (g) (viii) below:-
- (f) The Circle Co-operative Audit Officers are posted to the various Assistant Director of Co-operative Audit Offices to assist the Assistant Director of Co-operative Audit for the effective supervision of the auditors. (both concurrent and F.R. groups) The Co-operative Audit Officers who will function as the intermediary between the Assistant Director of Co-operative Audit and auditors, will regulate and control the work of auditors. As an officer at the intermediary lever, he will function as a level to influence quick and effective progress in the audit circle.
- (g) The following are the duties and responsibilities of Circle Co-operative Audit Officers :-
- (i) He shall be responsible for drawing up the audit programme of societies in his circle and getting it approved by the Assistant Director of Co-operative Audit. Strict adherence to the approved tour programme should be followed and Audit to be completed in time.
  - (ii) He shall exercise close supervision over the work of the auditors. He shall hold at his head-quarters, a meeting during the first week of every month, review the work of the auditors and issue suitable instructions.
  - (iii) It is the responsibility of the Co-operative Audit Officer, to see that the defects noticed by the auditor during the course of audit is properly presented and arranged in order.
  - (iv) During the course of the final audit of a particular society if difficulties like non-production of records, non-production of enclosures for finalizing accounts etc. arises, he should visit and solve the problems.

- (v) He should have thorough knowledge of audit of the different types of Co-operatives and fully conversant with the latest instructions in audit and allied subjects. Each auditor shall maintain a register showing the progress of audit in his chart.
- (vi) The Co-operative Audit Officer shall during his tour, scrutinize the register, critically examine the work of the auditors, issue on the spot instructions and record his remarks in the register. This register should be produced by the auditors to the Assistant Director of Co-operative Audit or the inspecting officer at the time of his visit.
- (vii) The Co-operative Audit Officers will maintain a separate register for each auditor under his control and note, then and there the progress made in audit. The Assistant Director of Co-operative Audit during his visit should scrutinize this register and issue suitable instructions to the Co-operative Audit Officer for toning up the progress of audit.
- (viii) The Co-operative Audit Officer shall issue audit certificate in respect of following Primary Co-operative Societies )Audit conducted by auditors below the rank of Co-operative Audit Officers):-

- 1) Jaggery Co-operative Societies;
- 2) Students Co-operative Societies;
- 3) Fisheries Co-operative Societies;
- 4) Co-operative Societies coming under the control of the Director of Animal Husbandry;
- 5) Co-operative Societies coming under the control of Khadi and Village Industries Board;
- 6) Co-operative Boodhan and Gramdhan Societies ; and
- 7) Sericulture Co-operatives.

He shall also prepare notes of the societies concerned for conduct of Test Audit by the Assistant Director of Co-operative Audit/Joint Director of Co-operative Audit wherever necessary. He should also attend to other items of work assigned by the Assistant Director of Co-operative Audit from time to time.

- (ix) The audit certificate should be thoroughly checked and issued by the Co-operative Audit Officers within five days from the date of receipt of the Final Audit Memorandum.
- (x) After the issue of the audit certificates, the copies of the Final Audit Memorandum should be submitted to the Assistant Director of Co-operative Audit
- (xi) The audit reports submitted by the auditors shall be checked by the Co-operative Audit Officer thoroughly.
- (xii) In respect of societies for which audit certificates are to be issued by the Assistant Director of Co-operative Audit, the Comparative statement and other financial statements prescribed should be prepared by the Circle Co-operative Audit Officer.

- (xiii) The Co-operative Audit Officer should also maintain a register showing the full details of receipt of Final Audit Memorandum, issue of audit certificates and submission of Final Audit Memorandum to Assistant Director of Co-operative Audit. This register should be scrutinized by the Assistant Director of Co-operative Audit during his visits.
- (xiv) Copies of tour programmes, diaries of the auditors and all other references shall be submitted to the Assistant Director of Co-operative Audit through the Co-operative Audit Officer. The Travelling Allowance Bills and Casual leave applications of the auditors shall be entered in separate register before submission to the Assistant Director of Co-operative Audit.
- (xv) In respect of the societies for which Audit certificate are to be issued by the Assistant Director of Co-operative Audit and audited by Senior Co-operative Auditors/Junior Co-operative Auditors in his circle, the Co-operative Audit Officer shall recommend the Final Audit Memorandum to the Assistant Director of Co-operative Audit.
- (xvi) The Co-operative Audit Officer should also maintain a separate register to show the movement of the Final Audit Memorandum from the time they are received from the field auditors till they are issue or transmitted to the Assistant Director of Co-operative Audit for issue as the case may be.
- (xvii) **Co-operative Audit Officer – Concurrent** :- The Co-operative Audit Officer/Concurrent should conduct Audit of societies in his chart. The audit programme should be chalked out and approved by Assistant Director of Co-operative Audit concerned. They should submit Tour journal, D.O. Narrative report and the Final Audit Memorandum to the Assistant Director of Co-operative Audit.
- (xviii) **Co-operative Audit Officer – Internal Auditor** :- They should attend to the internal Audit work of societies in which they are appointed. Duties and responsibilities should be approved by the competent authority.
- (xix) **Assistant Director of Co-operative Audit/Auditors/ Joint Directors of Co-operative Audit/Auditors** :- They should draw up Audit programme and got it approved by the competent authority. They should complete the work as per programme.

### III. The procedure followed in the decision making process [Sec 4 (b) (iii)]

In addition to the adherence of the provisions of Tamil Nadu Co-operative Societies Act, 1983 and the Rules made thereunder, the guidelines issued by the Reserve Bank of India and NABARD from time to time are also being followed in the conduct of audit. For effective supervision and accountability, the Regional Joint Director of Co-operative Audit and Circle Assistant Directors of Co-operative Audit are also making surprise visit, conducting test audit and directing the auditors to prepare and submit Special Reports if serious irregularities are found during the course of audit.

#### **IV. NORMS [Sec 4(b)(iv)]**

1) The Concurrent Auditors are required to conduct the audit of small societies whose final audit would be completed within a period of 45 days and below. The duration of the audit depends upon the nature and number of transactions of the society.

2) In respect of bigger type of societies having more transaction with multiple activities, auditors have been engaged under Fundamental Rule 127 terms according to which auditors perform audit against the post created and the cost of establishment is recovered from the societies.

#### **V. RULES AND REGULATIONS [Sec 4(b)(v)]**

The Cooperative Audit Department has brought out an Audit Manual (Volume I and II) for the use of the auditors to discharge their statutory functions. It contains all the basic principles, instructions and guidelines for conducting the audit of Co-operative Institutions.

The Government prescribed Adhoc Rules for all categories of posts in this Department and staff are appointed as per the provisions of the Adhoc Rules and they are governed by Tamil Nadu Government Servant Conduct Rules, 1973 and Tamil Nadu Civil Services (Discipline and Appeal) Rules.

#### **VI. STATEMENT OF CATEGORIES OF DOCUMENTS [Sec4(b)(vi)]**

The Final Audit Memorandum (FAM) is the main document so far as this Department is concerned. Based on the Final Audit Memorandum, the societies shall publish the following statements at the General Body Meeting of the society.

- 1) Audit Certificate
- 2) Profit and Loss Account
- 3) Balance Sheet

#### **VII. ARRANGEMENT THAT EXISTS FOR CONSULTATION [Sec 4(b)(vii)]**

The Financial Statements in respect of the Apex level, District level and Urban Banks are being published at the end of the audit in local dailies so as to reach the members of the public and the Cooperative Institutions concerned.

#### **VIII. CONSTITUTION OF COMMITTEES [Sec 4(b)(viii)]**

A Committee constituted to enquire the complaint on the issue of sexual harassment of working women comprising a Chairman and 3 members of this Department is functioning in this Department.

**IX. DIRECTORY [Sec 4 (b) (ix)]****I HEAD OFFICE**

Thiru. S.V. BALACHANDRAN, B.COM., Director of Cooperative Audit No.5, Kamarajar Salai, Chennai 600 005	044-28445079 Fax : 044-28446734
Thiru. S. SELWYN JOSEPH, M.A., Joint Director of Cooperative Audit (Headquarters) No.5, Kamarajar Salai, Chennai-600 005	044-28447309
Thiru T.P. NATARAJAN, M.A., Personal Assistant to Director (I/C) No.5, Kamarajar Salai, Chennai 600 005	044-28440193

**II. REGIONAL LEVEL OFFICES**

<b>CHENNAI REGION</b>	Joint Director of Cooperative Audit Tamil Nadu Slum Clearance Board Complex, #5, Kamarajar Salai, Chennai – 600 005.  Tel : 044-28446070
<b>TRICHY REGION</b>	Joint Director of Cooperative Audit, Plot No.82, First Floor, Quaide Millet First Street, Kaja Nagar, Trichy – 620 020  Tel : 0431-2422992
<b>MADURAI REGION</b>	Joint Director of Cooperative Audit , Anna Nagar, Near Y.W.C.A Matriculation School, Madurai – 625020  Tel : 0452 2525556
<b>COIMBATORE REGION</b>	Joint Director of Cooperative Audit III Floor, District Central Cooperative Bank Building, Coimbatore – 641018  Tel : 0422-2301979

### III DISTRICT LEVEL OFFICES

1	CHENNAI (NORTH)	Phone 044 28594869
2	CHENNAI (SOUTH)	Phone 044 24640348
3	THIRUVALLUR	Phone 954116 260086
4	KANCHIPURAM	Phone 954112 222930
5	VELLORE	Phone 95416 2216605
6	THIRUVANNAMALAI	Phone 954175 254142
7	ERODE	Phone 0424 2214861
8	UDAGAMANDALAM	Phone 0423 2443768
9	DHARMAPURI	Phone 04342 263050
10	COIMBATORE	Phone 0422 2300625
11	SALEM	Phone 0427 2313098
12	NAMAKKAL	Phone 04286 222194
13	TRICHY	Phone 0431 2420205
14	PUDUKOTTAI	Phone 04322 265759
15	VILLUPURAM	Phone 954146 222378
16	CUDDALORE	Phone 954142 294592
17	TANJORE	Phone 04362 237742
18	NAGAPATTINAM	Phone 04365 240168
19	ARIYALUR	Phone 914329 220830
20	THIRUVARUR	Phone 04366 226872
21	KARUR	Phone 04324 248504
22	MADURAI	Phone 0452 2535288
23	DINDUGAL	Phone 0451 2460713
24	PERIYAKULAM	Phone 04546 231506
25	RAMANATHAPURAM	Phone 04567 220143
26	VIRUDHUNAGAR	Phone 04562 245308
27	SIVAGANGAI	Phone 04575 240397
28	THIRUNELVELI	Phone 0462 2574175
29	KOVILPATTI	Phone 04632 221090
30	TUTICORIN	Phone 0461 2324627
31	NAGARKOVIL	Phone 04652 226583

Note : The address of all District level Offices are available in the Government Website

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Click Finance Department

Click Heads of Department – PIOs & APIOs Appellate Authorities of Co-operative  
Audit Department Click

#### **X. Remuneration of Officers and Employees [Sec 4 (b) (x)]**

The Officers and Employees of the Department are eligible for pay and allowances as per the Government orders in force. They are also eligible for LTC, Medical Reimbursement facilities, Pension etc.,

#### **XI. Budget Allocation [Sec 4 (b) (xi)]**

Three Sub Heads of Account are operated by this Department under Demand No. 16. The details of financial allocation are as follows :

<b>Sl.No.</b>	<b>Sub Head of Account</b>	<b>Accounts 2005-06</b>	<b>Revised Estimate 2006-07</b>	<b>Budget Estimate 2007-08</b>
<b>(Rupees in thousands)</b>				
1)	2425 – 00 – 101 – Audit of Cooperatives - I Non Plan – AB Headquarters Staff	87,66	1,19,86	1,17,94
2)	2425 – 00 – 101 – Audit of Cooperatives - I Non Plan – AC District Staff	28,47,66	35,54,13	39,93,56
3)	2425 – 00 – 101 – Audit of Cooperatives - I Non Plan – AD Regional Staff .	52,13	67,53	73,26
	Total	29,87,45	37,41,52	41,84,76

#### **XII. Subsidy programme [Sec 4(b)(xii)]**

No programme involving subsidies is implemented by this Department. However the following categories of societies are exempted from the payment of Audit fees.

1. All Societies of which all the members or a majority of them are Harijans/ Fisherman.



2. All Primary Co-operative Banks working without profit other than Rural Bank, Agricultural Bank, Land Development Banks (Now Primary Co-operative Agricultural and Rural Development Bank) and Credit Unions.
3. Co-operative Training institutes.
4. Co-operative Supervising unions.
5. Weavers Co-operative Societies which have not completed six Co-operative years from the date of commencement of Business.
6. Industrial Co-operative Societies and the Societies State Khadhi and Village Industries Board coming under which have not completed five Co-operative years from the date of commencement of business.
7. All Jaggery manufacturing Co-operative Societies.
8. All the Co-operative Fisherman Federation.
9. All the Hand Pounding of Paddy Workers Co-operative Societies.
10. All the District Palmgur Federation.
11. All the Bhoodan and Gramdhan Co-operative Societies.
12. All Palm Leaf Products Manufacturing Co-operative Societies.
13. All other Primary Co-operative Societies other than those mentioned in item No.1 to 12 which have not completed three Co-operative years from the date of Commencement of Business.
14. This exemption shall not apply to Sugar mills and Spinning mills and Societies which have their accounts audited at their own cost.

### **XIII. GENERAL**

All Regional level and District level officers are instructed to be available in their offices on First Monday of every month, which facilitates the public to meet them on that date with regard to their grievances.

Sd/- S.V.Balachandran,  
Director

For Director