

FORM No. 5

Audit Memo (Land Development Banks)

PART-II

1. Borrowings :—

- (i) State the amount of loan borrowed from the Apex Bank.
- (ii) Are repayments of outside borrowings made punctually ? If not, state the amount to be repaid, amount actually repaid and balance to be repaid during the Co-op. year stating percentage of overdues to demand.
- (iii) Are recoveries being utilised for fresh financing ?
- (iv) Are repayments being made to the Apex Bank out of recoveries only ? If otherwise, give details.

2. Lending :—

- (i) Is a loan application register kept in the prescribed form (Rule 93 (7)) ?
- (ii) Are there any loan applications which are not disposed off within a period of four months as prescribed under the Rules?
- (iii) When applications are rejected, are the applicants informed about it?
- (iv) Does the Bank utilise its own capital in giving loans to individuals ? If so, what is the amount so outstanding on the date of audit ?
- (v) (a) In case of loans for improvement of lands, see if loans are made strictly in accordance with the conditions laid down by Government and Apex Bank? Note deficiencies, if any, in the general remarks.
(b) Examine loan cases and see whether adequate securities have been taken.
- (vi) (a) State separately total amounts of loans given for various purposes like new wells, engines, repairs to old wells, redemption of old loans, land improvements etc.
(b) When loans are given for purchase or redemption of lands, see whether the lands are properly conveyed to the borrowers by registered sale-deeds.
(c) In other cases of loans, see whether all conditions for sanction of loans are complied with.
- (vii) Are all loan bonds and other documents properly taken in the form approved by the Apex Bank ? Are they registered before the due dates ?
- (viii) Are lease rent notes taken in all cases ? Are they in order ?

(ix) (a) Are repayments punctual? If not, give the figures of demand, recoveries and balance due. Give the percentage of overdues to demand.

(b) If extensions are given, are they given for valid reasons after proper enquiry?

(x) (a) Examine the list of overdues as required under section 81 (2) of the Act. State the amounts of bad and doubtful debts, if any.

(b) Are adequate steps being taken to recover overdues? If so, give details.

(i) No. of cases which have been sent to the Asstt. Registrar for issue of certificates:—

(a) Upto the end of previous year.

No. Amount involved.

(b) During the audit period.

No. Amount involved.

(ii) No. of cases in which certificates are issued:—

(a) Upto the end of previous year.

No. Amount involved.

(b) During the audit period.

No. Amount involved.

(iii) No. of cases which are under execution.

No. Amount involved.

(iv) Is a register for such cases maintained?

(xi) (a) State the rates of interest and penal interest.

(b) (1) Is the interest and penal interest shown in the loan accounts correctly calculated? Test 5 per cent cases of the total loan accounts.

(2) Is interest recovered from due date till the date of actual recovery?

(c) Is interest being credited to accounts of advance recoveries and suspense accounts?

(xii) Give details of loans given to the members of the Board of Directors in the following table:—

Name of Board Member 1	Amounts loaned 2	Amount due for payment 3	Out of which overdue 4	Date of default 5
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- (xiii) (i) Are loans being utilised for the purpose for which they are given ?
- (ii) (a) Verify actual utilisation of loans at least in 15 cases.
- (b) Are spot verification registers (villagewise) kept for such verifications taken by the Bank staff ?
- (iii) (a) State the No. of cases which are still to be spot verified by the Bank staff.
- (b) Has a programme been framed for completing the verification work ?
- (iv) State whether adequate action is taken by the Bank in cases where mis-utilisation is noticed.
- (v) State the No. of cases and amounts involved in which loans have been recalled.
- (xiv) (a) When payments are directly made to the dealers of engines, pumps, electric motors etc. on behalf of the members, are they made within the prescribed timelimit ?
- (b) Are such amounts being debited to the loan accounts of members as soon as relevant certificates are issued or are they being debited after their actual receipt by the members ?
- (xv) Are any unauthorised amounts being deducted while granting loans to members ? If so, discuss the same in general remarks.

3. Wells and Oil Engines Subsidies:—

- (i) Are claims being preferred in time in all cases ? Give the number of cases in which claims are still to be preferred and amounts involved in them.
- (ii) Give the total No. of cases preferred and still lying undecided and amounts involved in them.
- (iii) Have all subsidy amounts received on behalf of borrowers passed on to the Apex Bank ? If not, state the amount which is still to be remitted.

4. Rural Debentures :—

- (a) Is the Bank taking active interest in popularising rural debentures ?
- (b) What was the quota fixed by the Apex Bank and actual performance of the Bank during the last five years ?
- (c) Are such amounts being remitted promptly to the Apex Bank ?
- (d) Are all records regarding Rural Deben-

5. *Branch Inspections* :—

- (i) Are branches opened with the approval of the competent authority wherever necessary ?
- (ii) Are arrangements for their supervision and inspection satisfactory ?
- (iii) Has the Bank framed Rules for their inspections ?
- (iv) Are periodical reconciliations of accounts with Head Office accounts done ?

6. *Vehicles* :—

- (i) Has the Bank maintained log books for the various vehicles purchased by the Society ?
- (ii) Has the Bank framed Rules for use of the vehicles ?
- (iii) Are charges for private use recovered ?
- (iv) Has the system of issuing duty slips by an authorised officer introduced ?
- (v) Are statements of expenditure of repairs, renewals, petrol, etc., being kept for approval of the Board ?
- (vi) Is a register of unserviceable parts like tyres, tubes etc., kept when they are replaced by new ones ?
- (vii) Is adequate depreciation charged every year ?
- (viii) What is the total cost of the vehicles ?
- (ix) What is total expenditure incurred in running the vehicles ?

7. *Expenditure* :—

- (i) Are statements of expenditure being kept before the Board for approval ?
- (ii) (a) Are annual budgets being prepared and approved by the boards and general meetings ?
- (b) Is expenditure on various items within budget limits ?
- (c) Are reappropriations approved by the General Meeting ?
- (iii) Note in general remarks cases where expenditure does not relate to the business of the society.
- (iv) Has the Bank maintained a trunk call register ? Are charges for private calls recovered ?
- (v) Are tenders called for purchase of stationery and printing work ? Are relevant registers maintained for the same ?

Signature and designation of the
Auditing Officer.