

**Outward No. Audit/Broken period audit/Adudit-1/Yr.
87**

**Office of the Commissioner, Co-operation &
Registrar, Co-operative Societies,
Maharashtra State, Pune.**

Date: 15th April 1987.

Sub: In respect of conducting proceedings in circumstances when official accounts of the broken period is not available, similarly re-organisation of accounts is made or making re-organisation is not possible.

CIRCULAR

1. If official accounts of the broken period is not available -

In this circumstances the auditor should get ensured about the officiality of the accounts on the basis of other documents, accounts books and other available registers. For e.g. managing committee has given approval to the balance sheet (in which above mentioned accounts are included), the transactions are found correct from the verification of pass book, proper officer has given sanctioned to the expenditure etc. In this way after ensuring the officiality of the accounts, the observation in that respect should be mentioned clearly in your audit report. If deficiencies found after inspection or it is not possible to ensure then detail remarks in that report should be entered in the audit report.

2. If re-organisation of the accounts of the society is made or to be made -

The re-organisation of the accounts should have to be made by the registering authority with the Co-operation of society. The auditor first ensure that the managing committee has given sanction by making resolution for re-organisation. Similarly after managing committee sanctioned the re-organised accounts and accounts statements included in it (Profit and loss statement, business statements and balance sheet) the reorganised accounts shall be deem as official. If the reorganised transactions are not in the duration of present board of directors then the signatures of last Committee Chairman/Executive Directors are required. The present Board of Directors can also make signature on it officially. While giving certificate they should mentioned on it that, these accounts/transactions are in the period of last board of directors.

After auditing the reorganised accounts, the auditor should have give his clear remarks in the audit report that in which respect and at what extend the said accounts are not true and proper.

3. If the broken period account books are not available/destroyed or destroyed deliberately and its re-organisation is not possible -

If situation arised that the account books would not be available in any circumstances and its reorganisation is also not possible then in such situation, before taking the audit of this broken period by the auditor it is necessary that the managing committee should ensured about the record and made resolution that, 'every after taking every efforts in view of to acquire the record, the record cannot be available. The auditor should also ascertained that such type of resolution has been made.

At such time it would not be proper to opined about the trueness and correctness of the loss and profit statement and balance sheet. At that time out of the two alternative i.e. (1) not capable for expressing the opinion or (2) loss & profit statement and balance sheet did not express true and proper picture. Which alternative out of these two to be recourse is depend on the situation at that time.

Audit Report of the Auditor should be clear, brief and expressive. For directing own side, the auditor can include some other points in the audit report. However the auditor cannot avoid submitting audit report or cannot be free from the responsibility of audit only by making signature on the accounts book.

4. Auditor's Report & Qualification

- 1) Auditor should include all qualifications in his report.
- 2) Where possible, the auditor should clear and unequivocally define the numbers of the amount to be effected on the account statement.
- 3) Where it is not possible to define the number of such amounts exactly, there the management by resorting proper system and if it is define by scientific estimation then the auditor should clearly mentioned that, the number of effective amounts are based on the estimation of management.
- 4) If there are no qualifying remarks in respect of those matters in the audit report, in that case it shall be deem to be there. In this way it should be mentioned in the audit report.
- 5) For making the qualifications effectively the current and accepted expression should be used.

Sd/-
Jt. Registrar (Audit)
Co-operative Societies,
Maharashtra State, Pune.