

FORM No. 32

Audit Memo (Co-operative Industrial Estates)

PART II

1. *Shares:—*

- (i) Are share certificates for redeemable preference shares held by Govt. issued?
- (ii) Has a share capital redemption fund created for redeeming the preference shares issued to Govt.? Are adequate amounts taken to it out of profit every year?
- (iii) Is the amount of dividend payable to Govt. on its share holding duly accounted for and paid? Indicate details of payments with dates.

2. *Borrowings:—*

- (i) (a) Are loans obtained from Govt.? If so, state the purposes for which they are obtained giving relevant amounts and rates of interest at which they are obtained. State outstandings at the close of the year.
- (b) Have loan bonds been executed in favour of Government?
- (c) Have any Govt. loan instalments been defaulted? If so, state separately the amount of loan and interest defaulted.
- (ii) State the amounts of various loans and credits obtained from the financing and other agencies for various purposes.

Agency sanctioning the loan or credit	Type of credit or loan	Amount sanctioned	Maximum amount drawn	Repayments made	Outstanding	Amount overdue if any
1	2	3	4	5	6	7

- (iii) Are operations on various loans and credit limits satisfactory? Are repayments punctual?
- (iv) Are conditions laid down for grant of Govt. loans and various other loans and cash credits been observed? Note

3. *Govt. financial assistance:—*

Is any subsidy and/or grant received from Govt.? If so, state the purpose for which it is given. State the amounts which are not actually utilised for the purposes for which they are given.

4. *Construction work and land development:—*

- (i) Are civil works undertaken after calling tenders and quotations?
- (ii) Are estimates being sanctioned by a competent authority of the Estate?
- (iii) In case of revised estimates, is fresh sanction obtained?
- (iv) Are there any cases of litigations filed for non-performance of contracts? What is the progress of such cases?
- (v) Are agreement bonds and earnest money taken from contractors?
- (vi) Are stock registers, job registers and measurement books maintained properly if the works are carried out departmentally?
- (vii) Are completion certificates of the qualified Engineers and/or Architects taken and kept on record?
- (viii) Is the material issued to contractors properly accounted for and recorded?
- (ix) When works are carried out departmentally:—
 - (a) State whether proper allocation of expenditure is made between items of capital and revenue nature.
 - (b) State whether valuation certificates are obtained from qualified Engineers and/or Architects.
- (x) Is a property register kept in proper form?
- (xi) Verify the terms and conditions governing the services of the Architect.
- (xii) Verify documents, title deeds and extracts from records of rights of lands purchased or taken on lease by the Estate.
- (xiii) Give information of the lands purchased or taken on lease as under:—
 - (i) Total area.

- (ii) Area of the land under sheds and premises.
- (iii) Area of land that would be covered under plots.
- (iv) Area of roads.
- (v) Area of vacant land.
- (xiv) What is the total cost incurred on various types of construction work and development? Give figures for each item separately.
- (xv) (a) Has the proportionate cost of construction been recovered from the members?
- (b) State the procedure followed in allotting plots and sheds.
- (xvi) Has the estate made any arrangements for checking the licenses of members?
- (xvii) Have necessary agreements and documents been got executed from members for plots, sheds etc. given to them?
- (xviii) State the total No. of plots and sheds allotted and unallotted.
- (xix) State the No. of plots and sheds on which:
 - (a) Industries have started and
 - (b) Industries have not started.
- (xx) State whether transfer of tenancy rights are made according to the bye-laws and whether necessary documents have been got executed.

5. *Loans and advances to members:—*

- (i) Are loans and advances given to members for their current requirements or on account of sheds and plots given to them? If so, see whether the Rules and Regulations framed for the purpose are strictly followed.
- (ii) Has the Estate maintained any credit worthiness register of its members?
- (iii) See that equated instalments for repayments are correctly calculated. Verify at least interest calculations to the extent of 20% of the loan accounts.
- (iv) (a) Examine the lists of outstandings and overdue amounts.
- (b) Are any amounts overdue from board members? If so, state their names with amounts due from them.
- (v) Is interest on overdue amounts correctly calculated?

(vi) Are adequate measures being taken to recover overdue amounts?

(vii) Examine the lists of bad and doubtful debts, if any.

(viii) Have any goods, raw materials, implements etc., supplied to the members on credit? Are they given according to the procedure laid down? Are these amounts being recovered when due?

6. *Sales*:—

(i) Has the Estate made any arrangements for sale of finished products produced by its members?

7. *Insurance*:—

(i) Are all assets and properties adequately insured?

(ii) Examine insurance policies and ensure that they are in order.

(iii) Note cases where insurance is not taken or is inadequate.

8. *Expenditure*:—

(i) Are statements of expenditure kept before the Board for approval?

(ii) (a) Are annual budgets prepared and approved by the Board and General Meeting?

(b) Is expenditure on various items within budget limits?

(c) If not, are reappropriations approved by the General Meetings?

(iii) Note in general remarks cases where expenditure does not relate to the business of the Estate.

(iv) Has the Estate maintained a trunk call register? Are charges for private calls recovered?

(v) Are there any cases where donations have been given by debiting the said amounts to the profit and loss account? Are such donations regularised by using charity fund with the approval of the Federal Society?

9. *Sinking Fund*:—

Has the Estate created sinking fund as per provisions of the bye-laws?

Signature and Designation of
Auditing Officer.