



**GOVERNMENT OF GOA,  
DEPARTMENT OF COOPERATION  
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No. 15/223/2008/ADT/RCS/Vol. IV/

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Sub: - Clarification in respect of powers of BoD of a Society to get its accounts audited by engaging any empanelled Auditor despite of exemption from Statutory Audit under sub-section (9) of Section 74 of the Goa Cooperative Societies Act, 2001.

**ORDER**

**{Under Section 69 of the Goa Co-operative Societies Act, 2001 (Goa Act no. 36 of 2001)}**

In exercise of the powers conferred upon the undersigned Registrar of Co-operative Societies under Section 69 of the Goa Cooperative Societies Act, 2001 (Goa Act No. 36 of 2001) {hereafter referred to as ‘Act’} and to ensure proper implementation of Cooperative provisions, proper management of the business of all the Cooperative Societies classified under sub-section (9) of Section 74 of the Act, functioning in the State of Goa, the following clarification regarding the inherent powers of BoD of Society for appointment of Auditor who desires to cause the audit of statements of accounts through the Panel of Auditors appointed under Section 74(2) of the Act is hereby issued for information of the Societies at large.

Whereas, vide Notification no. 60/137/Amendment/2020/TS-I/RCS/4579 dated 28/02/2023, the amended provisions of the Goa Co-operative Societies

(Amendment) Act, 2021 (Goa Act no. 34 of 2021) **have been made effective from 01/04/2023** except part of Section 23 relating to insertion of new sections 76C, 76D, 76E, 76F, 76G and Section 30 relating to insertion of new sections 104A and 104B of the amendments.

And whereas, by virtue of said amendments coming into force w.e.f. 01/04/2023, a sub-section (9) of Section 74 of the Act has been inserted which reads as under.

*(9) Notwithstanding anything contained in this section and section 75 in case of housing co-operative society and self help group having membership not exceeding two hundred members and panivatap society, primary dairy co-operative society and service resource society having working capital less than Rupees fifty lakh, the Chief Executive of such society shall prepare the statement of accounts or audit report and submit to the Board. The Board shall discuss in its meeting the statement of accounts and the audit report so submitted by the Chief executive and record its approval and within six months from the close of the co-operative year place such statement of accounts and the audit report before the general body for its approval. The Chief executive while preparing the statement of accounts and audit report shall exercise all due diligence and exercise the powers and duties of the auditors as specified under section 75 of the Act:*

*Provided that in all such cases where the annual statement of accounts and audit report is prepared by the Chief executive, after due approval by the General Body, a copy of such audit report or the statement of accounts shall be submitted to the Assistant Registrar for scrutiny:*

*Provided further that any discrepancies or shortcoming pointed out by the Assistant Registrar on such statement of accounts or audit report shall be made good by the Board of Directors of such society. Any audit compliance in such statement of accounts or audit report shall be placed before the General Body and a copy of the action taken on such audit compliances shall be submitted to the Assistant Registrar.*

Thus, by virtue of sub-section (9) of Section 74 of the Act, now for the following categories of Societies, getting their books of accounts audited from any empaneled Auditor is not mandatory.

- a) Housing co-operative society and self-help group having membership not exceeding 200;
- b) Panivatap society;
- c) Primary dairy co-operative society; and
- d) Service resource society having working capital less than Rupees fifty lakhs.

For these categories of Societies, now the Chief Executive of such Societies is required to prepare the statement of accounts or audit report and submit to the Board. The Board shall discuss the same in its meeting and record its approval and within six months from the close of the co-operative year place such statement of accounts and the audit report before the general body for its approval. The Chief executive while preparing the statement of accounts and audit report should exercise all due diligence and exercise the powers and duties of the auditor as specified under section 75 of the Act.

Sub-section (9) of Section 74 of the Act gives exemption to these categories of Societies from mandatory getting Audit done through an empanelled Auditor. This is an exemption granted in favour of such small societies for their benefit with the intention to reduce their compliance burden and to avoid financial burden of paying audit fees of the empanelled auditor.

However, if in any such Co-operative society there is no any paid employee or some employee available is not capable of preparing such statement of accounts and audit report as required under sub-section (9) of Section 74 of the Act, then it may be difficult for such Co-operative Society to comply with Section 74(9) of the Act.

In such cases, it is hereby clarified that as per Section 35 of the Goa Cooperative Societies Act, 2001, every Cooperative society is a distinct legal person and under Section 59 of the Act, the powers of management and functioning of a society are vested in the elected Office bearers and General Body of the respective Society in accordance with the Act, Rules and Byelaws of the Society.

Therefore, it cannot be said that giving a relaxation from mandatory statutory Audit by Section 74(9) of the Act has taken away the inherent power of the Society to get its books of accounts audited from any empanelled auditor if Society management deems fit to do so in the interest of transparency and democratic principles which are the core values of cooperative movement.

Therefore, it is hereby clarified that any Society having exemption u/s. 74(9) of the Act from mandatory audit, if such Society considers it fit to get voluntarily their accounts audited by engaging any empanelled auditor for ensuring transparency or due to lack of manpower to comply with provisions of Section 74(9) of self-auditing, may get themselves audited by any empanelled Auditor and instead of report prepared by CEO of society, they may place the Audit Report prepared by Auditor before the Board of Directors (BoD) and the general body meeting of Society and file the same with concerned Zonal Office where Society is registered as sufficient compliance of Section 74(9) of the Act.

A Cooperative Housing Society is periodically getting the structural audit done of its buildings by utilizing society funds, or several other Societies are engaging Consultants for their various business activities and paying their fees from out of Society Funds. On the same lines there is no reason to believe that exemption granted under section 74(9) of the Act takes away the inherent right of BoD of management of affairs of the Society and thus to appoint any

empanelled auditor and get themselves audited in the interest of greater transparency.

Therefore, all the Co-operative societies which are coming under the categories exempted from statutory audit by virtue of sub-section (9) of Section 74 of the Act may take appropriate decision in exercise of their powers of management u/s. 59 of the Act and having due regard to their financial position to bear expenditure towards getting audit done and subject to making necessary provision for incurring such expenditure from society funds.

Given under the seal of this Office.

(Vishant S. N. Gaunekar)  
Registrar of Cooperative Societies & Ex-  
Officio Joint Secretary (Co-operation)  
Government of Goa, Panaji, Goa

To,

The Director of Printing & Stationary, Government Printing Press, Panaji, Goa for publication in the next issue of Official Gazette.

Copy to: -

- 1) All the Cooperative Societies in the State of Goa through their respective Unit Incharge ARCS or CO in the respective Zonal Offices;
- 2) The Dy. Registrar of Coop. Societies (Tech), O/o. RCS, Patto, Panaji;
- 3) The Dy. Registrar of Coop. Societies (Admin), O/o. RCS, Patto, Panaji;
- 4) ARCS (Audit) / ARCS (Election – North & South) / ARCS (HQ) / ARCS (Mktg.) O/o. RCS, Patto Plaza, Panaji, Goa;
- 5) ARCS & CO Central Zone, Panaji, Goa / ARCS& CO North Zone, Mapusa, Goa / ARCS & CO Bicholim Zone, Sankhali, Goa / ARCS & CO, Ponda Zone, Curti, Ponda, Goa / ARCS & CO South Zone, Margao, Goa / ARCS & CO, Quepem Zone, Quepem, Goa for information and strict compliance;
- 6) All the Auditors concerned enlisted on the Panel of Auditors for their information;
- 7) Nodal Officer for uploading on Department Website;
- 8) Office File;
- 9) Guard File.