

ANNEXURE

Terms and conditions applicable for the audit of Urban Cooperative Banks/Other Cooperative Societies in the State of Goa.

1. It is at the discretion of Annual General Body Meeting of the concerned Bank/Other Cooperative Societies to select the Auditor from the panel of Auditors.
2. It is mandatory on the part of every Auditor to finalize the audit and release the audit report within six months from the end of the Cooperative year.
3. The Auditor shall examine the proceeding book of AGM/SGM and BOD/MC and offer his comments on the policies and programmes formulated by the management and its effective implementation.
4. The Balance sheet and the Profit & loss account shall be prepared for the purpose of audit either in horizontal form or in vertical form in Form 'L-1 to L-4' as mentioned under Rule 50 of the Goa Coop. Societies Rules, 2003.
5. The auditor shall offer his/her comments in detail on Credit Appraisal, Supervision and Monitoring of Loan A/cs whether the loan applications are being scrutinized properly? Whether periodical review of loan amount, overdue amount, etc. are being taken by the Management regularly?
6. An auditor is required to acquaint himself with the latest norms prescribed by RBI and directives issued by RBI from time to time before undertaking the audit of the Bank. It is the duty of the auditor to go through the Constitutional Amendments on Cooperative societies, provisions of Goa Cooperative Societies Act, 2001, Rules made there under, Byelaws of the Bank/Societies and all other Notification/Orders/Circular/Guidelines etc. issued by the Registrar or any other Authority from time to time while undertaking the audit and comment suitably in the audit report in case of violations.
7. The Auditor appointed by a Cooperative Bank/Societies shall be responsible to highlight the deviations by the management in respect of SLR, CRR, CD Ratio, Capital Adequacy norms etc. as per the guidelines prescribed by RBI.
8. The Auditor shall also ascertain the cost of deposits and pass detail comments with regard to sustainability. Whether there is any such unserviceable liability in the absence of scope for judicious employment of funds and need to be examined from the point of profitability.
9. The Auditor appointed to undertake the audit of a Cooperative Bank must scrutinize exposure norms as prescribed by RBI in respect of maximum limit on advances to a single borrower/connected group and shall offer his comments in case if there are violations/deviations.

10. The Auditor appointed by a Urban Coop. Credit Society/Other Society shall be responsible to highlight the deviations by the management in respect of liquid resources to be maintained by the Society as provided under Rule 36 of the Goa Cooperative Societies Rules, 2003 and instructions/directives to be issued by Registrar of Cooperative Societies in this regard.
11. The Auditor shall verify regarding disqualification of Director/member of BOD/MC of the society and pass necessary comments incase if any such Director/member incurs disqualification due to the reasons cited under section 60 and 61 of the Act, 2001 and for any other reasons as specified in bye-laws of the concerned society.
12. Whether yearly budget is prepared and placed before A.G.M. for its approval? Whether actual amount has exceeded budgeted amount? If so, specific approval of the A.G.M. for the exceeded amount is obtained subsequently or otherwise.
13. The Auditor shall also ascertain the cost of deposits and pass detail comments with regard to sustainability. Whether there is any such unserviceable liability in the absence of scope for judicious employment of funds need to be examined from the point of profitability.
14. Whether any remission/waiver of loan granted to the borrower during the period under audit. If so, No. of beneficiaries and other details and compliance of procedure specified under Rule 40 of the Coop. Societies Rules 2003.
15. Bifurcation of lendings into priority sector, non-priority sector etc. and suitable comments on the same.
16. Percentage of loans and advances to Builders /contractors as against total amount of outstanding loans.
17. Loans and Advances to Directors/Relatives and firms/concerned in which they are interested and suitable comments on the same.
18. Instances of non-reversal of un-realized interest if any be highlighted into audit report.
19. The Auditor appointed to undertake the audit of Urban Credit Society/Other Society shall invariably examine the matter in respect of refund of Share Capital inaccordance with the provisions specified under Sub-section (3) of section 29 of the Goa Coop. Societies Act, 2001.
20. Comments on cash Retention by the Society/branches whether the same is in excess than the limit prescribed by the Management and whether the same is adequately insured?
21. Acquisition/construction of premises/land, whether norms/guidelines issued by Registrar of Coop. Societies are complied with?

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22. Whether the quarterly returns and other returns are filed with the Registering and any other Authority in time.
23. Valuation of opening stock/closing stock/raw material/live stock/finished goods/semi-finished goods needs to be examined in consideration with the Market price or Cost price whichever is lower.
24. The Auditor shall also requires to verify bill discounting/bills rediscounting scheme with its clients and with other Banks/Financial Institutions and offer suitable comments in the audit report in case if irregularities/mal-practices are observed during the course of audit.
25. Rephasal of loan a/c's during the period under audit and to verify the purpose of such Rephasal of loan vis-à-vis whether the overdue loan a/c's are re-scheduled for minimizing the overdue position artificially or otherwise.
26. Age wise classification of the overdues, No. of cases /disputes filed against the chronic defaulters, No. of execution cases pending, amount recovered etc. during the period under audit.
27. Dual financing-To verify whether the loans are granted to the prospective buyers of the same, Building for which concerned Builder/contractor has already availed from the same bank.
28. Whether bank has dealt in trading of any government securities, shares and debentures? If so, whether such shares registered with recognized stock exchange.
29. Whether the lending to non-banking financial companies is as per the norms stipulated by RBI.
30. Whether any OTS Scheme is launched during the period under audit. If so, No. of beneficiaries and other details.
31. Whether income recognition, asset classification and NPA provisioning is strictly adhere to as per the guideline issued by RBI and Registering Authority.
32. The Bank reconciliation statement in respect of branches and other banks/financial institution shall be obtained and enclosed to the audit report with suitable comments in case if the entries pertaining to the cheques beyond 6 months are appearing in the statements.
33. The returns to be filed shall be signed by the Chartered Accountant as required by the Income Tax Authorities under Section 44 AB for the relevant year.

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34. Whether any financial irregularities involving funds of the Bank/Cooperative Societies are observed? If so, detail report in this regards and filing of FIR with the Concerned Police Station against the person involved in such financial irregularities and also filing of Special Report to that effect before the Registrar as provided under section 82 of the Goa Cooperative Societies Act, 2001.
35. Brief performance of Branches and their ratings.
36. The remuneration of the auditor shall be fixed by the Registrar in terms of Sub-section 4 of Section 74 of the Goa Cooperative Societies Act, 2001 and the same shall be paid by the concerned Bank.
37. The draft audit report shall be invariably discussed in the Board of Director's Meeting of the concerned Institution before the same is released.
38. Awarding of classification to the Banks shall be as per RBI guidelines and in respect of other Cooperative societies shall be as per the norms prescribed by the Registering Authority.
39. The Auditor shall give an undertaking stating that he or his relatives have not obtained any loan from the Cooperative Bank which has been allotted to him for purpose of audit.

I, hereby accept all the terms and conditions stipulated herein above and give my undertaking to abide by the same.

Place:-

Dated:-

(Signature of the Applicant)