CHECKLIST FOR AUDIT OF SOCIETIES

Sr. No.	Particulars	
	PART – A – ADMINISTRATIVE	
1	Whether previous audit paras are actually resolved in full or not ?	
2	Does the society have a copy of Societies Act, Rules and Regulations ?	
(a)	Whether rules and regulations are changed without authorisation ?	
(b)	Whether changes in rules and regulations suggested by co-operative department from time to time are incorporated or not ?	
3	Whether working of the society is as per the rules and regulations. If not then give the details.	
4	Name of the union under which society is registered as a member. If not, then give reasons	
5	Has application from the new members been taken ? Whether the Management Committee has approved said application ? Has name of new members been entered in the members register ? Whether new members have been entered as per the rules ?	
6	Whether the expulsion of any member is as per the rules and regulations and details of which are entered in the member's register.	
7	Whether share certificates are issued to all the members and tallied the same with the register.	
8	Is society's Annual General Meeting (AGM) held ?	
	a) If yes, whether it was conducted as per the rules ?	
	b) Date of AGM	
9	Number of Management Committee meetings held during the audit period. Whether members of committee have attended meeting regularly ? Whether committee has undertaken steps to expel members who have not attended 3 consecutive meetings ?	
10	Is there any amount to be recovered from the members of the management committee ? If yes, unpaid since which period and what amount ? Whether any action is taken by the society against such member ?	

11	Has management committee passed any resolution against rules and regulations ? If yes, extent of implementation	
12	Are there any dues from staff to the society ? If yes, give the details of over dues. Details of steps taken by the society.	
13	Has society made any provision for Provident Fund for its employees ? Whether amount of Provident Fund is kept separately from other investments ?	
14	Has the management committee fixed the responsibility and limit of cash and stock of materials by way of resolution ? If yes, whether proper guarantee has been taken or not ? Have letters of guarantee been kept in proper custody ?	
15	(a) Give the date and amount of physical verification of cash. Whether it tallies with the book balance ? Report deficiency, if any. (b) Verify material and coupon stock. Whether it tallies with the book balance ? Report deficiency, if any (c) Whether society has taken insurance policy for cash balance and stock ? (d) Is cash maintained in effective joint custody of two or more officials ? (e) Have the cash balances at the society been checked at periodic intervals and the same has been properly documented ?	
16	Whether society maintains the books of accounts and administrative records as per the rules and regulations ? Report the books or records not maintained (with reasons).	
17	Whether administrative expenses of society are in proportion to the activity undertaken by it ? Report percentage of administrative expenses to its working capital fund.	
18	Has society taken loans or advances in contravention of rules and regulations ?	
19	Has society taken any loan or share capital contribution from Government ?	

	If yes, specify the purpose and amount. Whether the loan is utilized for the specified purpose ?	
20	Has society received any government subsidy ? If yes, whether the same is used for the specified purpose only ?	
21	Give the details of amount of share capital returned and number of members to whom such capital is returned during the year. Whether shares returned are as per the rules and regulations ? Give the reasons for shares returned.	
22	What is the net profit during the year ? Whether the distribution of net profit is as per the rules and regulations ?	
23	Whether depreciation is calculated on dead stock and fixed assets as per rules and regulations ?	
24	Whether fixed assets register is maintained ?	
25	Whether confirmation of balances are obtained from debtors ?	
26	Give the total amount of Society's debts out of which – a) Bad debt b) Doubtful Whether any provision has been made for such debt ? Steps taken to recover the same.	
27	Whether balances in accounts of society are tallied with those as per the bank, Union and other parties ?	
28	In case any books of account are maintained manually, does general scrutiny thereof indicate whether they have been properly maintained with balances duly inked out and authenticated by the authorized signatories ?	
29	In respect of society, having computerized accounts – Whether hard copies of accounts are printed regularly ? Indicate the extent of computerization and the areas of operation covered Whether regular back-ups of accounts and off-site storage are maintained ? Whether adequate contingency and disaster recovery plans are in place for loss / encryption of data ? Do you have any suggestions for the improvement in the system with regard to computerized operations of the branch ?	
30	Have you found any permanent or temporary irregularity in financial or administrative matter during the course of audit ? If yes in which quarter.	

	PART – B – BUSINESS	
1	Whether society sends the collected milk to the union or disposes otherwise ?	
2	Whether dairy register is approved by the committee after its completion ?	
3	What is the normal difference between the test conducted by the society and test reported by the union in quality of milk	
4	What is the excess quantity of milk reported by the union while receiving milk from the society as compared to the quantity dispatched by the society ? If such excess is lower than three percentages, give the reasons.	
5	What is the normal time for making payment to milk suppliers ? Please report the flaw, if any, in the payment system.	
6	What system is adopted for local milk sale ? Report the defects, if any, in the system.	
7	What is the system for the sample milk sale ? Is the system satisfactory ?	
8	What is the system of disposal of surplus stock of milk ? (surplus stock = Quantity of milk procured. Less : Local sales. Less : Quantity of milk sent to union) Is the system of disposal reasonable ? Report, if prejudicial to the interest of the society.	
9	What is the normal profit margin in sales – purchase transactions of milk ? Whether trading profit derived after making payment to the members of the society and after receiving the rate difference is reasonable ? If not, give the reasons.	
10	Give the reasons, if there is any delay in payment of rate difference, bonus and dividend to the members of the society.	
11	Whether society has carried out dealings in other products ? Whether such transactions are as per the rules ? Whether such dealings are in benefit of the society ? If not give the reasons.	
12	Have loans been given to milk suppliers ? Whether credit appraisal is verified ? Has adequate security been taken ?	

13	Have insurance policies been taken for members' livestock ? Please report under whose name policies have been taken.	
14	Are there any technical defects in administration and operations of the society ? If yes, report	

	PART – C – FINANCE AUDIT	
Sr. No.	**Particulars**	
1	Are there any unpaid dues from employee to the Union ? If yes, give the details of overdue Details of steps taken by the Union	
2	Has Union set up staff provident fund, gratuity fund and superannuation fund for its employees ? Have rules been accepted for such fund ? Whether amount of contribution is kept separately ? If separate fund is established, give the details	
3	Has adequate guarantee been taken from employees handling cash and inventory ? Is guarantee in proper custody ? Whether the same has been timely invoked in case required.	
4	Does the Union hold adequate insurance cover for building, plant & machinery, vehicles, stock, chilling centre, livestock and cash on hand ? Is policy being renewed regularly ?	
5	Whether union has prepared budget and the same has been approved in the AGM ? Is there material variance between actual income and expenses with budgeted income and expenses ? Whether revised budget, if any, is approved ?	
6	Is cash maintained in effective joint custody of two officials ? Has committee passed resolution for nominating officials for custody of the cash ? If yes, provide resolution No. and its date. Has any limit been fixed for keeping cash on hand ? Whether cash on hand is kept in excess of the limit for a long time ?	

	If yes, obtain the explanation from the Management Committee	
7	Whether physical verification of cash was carried out ? Whether the same was tallied with cashbook ? Put a sign in the cash book and give the details of the officers of the union remain present.	
8(a)	Has union taken borrowing or deposits ? Give the interest rate on deposits. Whether interest rate is higher than bank rate ? If yes, give reasons.	
8 (b)	Has union borrowed money from the government or other agency ? If yes, give the amount of borrowing and purpose. Has borrowed fund been used for the purpose for which it was taken ? Has required agreement been executed ? Have terms of the borrowing been complied ? Whether instalments are regularly paid ?	
8 (c)	Has union received subsidy from the government or other agency ? Has subsidy been used for the purpose for which it was received ? If not, obtain explanation.	
9	Whether Union has invested securities of other entities ? Whether investment register has been maintained ? Whether the same tallies with the General Ledger ? Whether dividend / interest on the investment has been received and properly credited ?	
10	What is the profit / loss of the union in last Accounting Year. Has Profit & Loss Account been prepared as per rules and regulation ? Give deficiency if any. Has approval of general meeting been obtained for distribution of profit ? Whether distribution of profit is as per the rules and regulation ? 1) Reserve Fund 2) Education Fund 3) Dividend 4) …… 5) ……	
11	Give the dividend rate declared by the union Whether General Meeting has increased dividend rate recommended by the Management Committee ? If yes, whether it was as per the rules ?	

12	**System of Accounts & Financial Control**	
1.	Whether the duties and responsibilities including the delegation of powers at various levels of management have been adequately defined ?	
2.	Examine the systems of accounts and financial control being followed by the union and give your views as regards their deficiencies alongwith suggestions for remedial measures.	
3.	Have you noticed any weaknesses in the internal control system ? If yes, the same may be highlighted.	
4.	State whether the management has taken remedial action on remarks in last 3 years Auditor's report ?	
5.	Whether the union has a clear credit policy for providing for doubtful debts / write offs ?	
6.	Please report whether the system of giving discount to promote sales is fair ? Whether the instructions for allowing discount are issued in writing and communicated properly to sales outlets.	
7.	Examine and indicate whether the union has a system of monitoring the timely recovery of outstanding dues ? Highlight the significant instances of failure of the system, if any.	
8.	Whether confirmation of balances from debtors are obtained ?	
9.	Examine and comment upon the reasonableness of assumptions made by the Actuary in providing for retirement benefits in the form of gratuity, leave encashment, etc as per Accounting Standard-15 prescribed by the Institute of Chartered Accountants of India	
13	**Assets (including inventory)**	
1	Whether fixed assets register is maintained properly ?	
2	Whether capitalization of assets done on due dates ?	
3	Examine and comment on the system of valuation of fixed assets	
4	Does the work in progress contain any item, which has remained unadjusted, for an unduly long time ? Attach list of such items indicating amount, period of pendency and reasons.	
5	Whether the system made for the purposes of control over inventory, including stocktaking and valuation of inventory at the end of financial year are adequate and duly enforced ?	
6	Examine and comment on the system of physical verification, valuation, treatment of non-moving and slow moving items, their disposal and abnormal excess and shortages in respect of closing stock items.	
7	List out the surplus / obsolete/non-moving items of stores, raw material, finished goods lying unused at the end of last 3 years.	
8	Examine whether the union has prescribed the following with regard to management of inventory ? a) Maximum and minimum limits of stores and spares, etc. b) Economic order quantity for procurement of	

	stores.	
9	Whether proper records are maintained for inventories lying with third parties and assets received as gift from government or other authorities.	
14	**Costing**	
1	Whether cost records is maintained ?	
2	Are the cost accounts being reconciled with financial accounts ?	
3	Whether the union has an effective system for identification of idle labour hours and idle machine – hours ?	
4	Examine the accounting treatment of rejections and scraps for determination of cost of production.	
15	**Internal Audit**	
1	Whether union is having internal audit system ?	
2	Whether internal audit manual / guidelines have been prescribed and whether the same are being followed ?	
3	Give your comments on the internal audit system stating whether its reporting status, scope of work, level of competence, etc. are adequate ? If not, describe the shortcomings thereof.	
4	Is there an adequate compliance mechanism on internal audit observations ?	
16	**EDP Audit**	
1	Whether the organization has an approved IT strategy or plan ?	
2	If the union has computerized its operations or part of it, assess and report, how much of the data in the union is in electronic format, which of the major areas such as Financial Accounting, Sales Accounting, Personnel Information, Payroll, Materials / Inventory Management, etc. have been computerized.	
3	Indicate how this impacts on your work of auditing the Accounts and whether your audit is through or around the computer.	
4	Has be union evolved proper security policy for Software / Hardware ?	
5	Identify the areas in which the auditor is of the view that the built-in checks in the computer environment need to be reviewed. Also mention the percentage of acceptable audit risk in those identified areas.	
6	Report on the existence of a system of proper documentation of software programs	
7	Whether adequate contingency and disaster recovery plants are in place for loss of data ?	