

IX-7. SPECIAL REPORTS.

A) For administrative Actions.

29. Circumstances in which Special Reports must be submitted. -A special report should be submitted in respect of the following matters: - (A) Cases in which important provisions of the Act, Rules or bye-laws of the society have been infringed, such as failure to hold annual general meeting in time, irregularities in the election or appointment of officer-bearers, failure to hold committee meetings regularly, transaction of business without quorum, etc. (B) Activities undertaken which are not convergent with the byelaws, investment of funds against the provisions of section 70 or in business not permitted by the byelaws. (C) Cases in which office-bearers have entered into transactions, which have brought loss to the society and cases in which they have taken advantage of fluctuations in markets and have benefited themselves, or occasioned, unwarranted losses to the society. (D) Imprudent and irregular advances of loans and cash credits, Benami loans, loans against inadequate or non-existing security, disproportionate loans to members of the committee and their relatives or certain influential members, etc. Co-operative Societies Audit Manual 214 (E) Advances taken by the officers not accounted for or subsequently refunded in cash or debited to account. Temporary misappropriation of cash or other property of the society. (F) Infructuous or objectionable expenditure, expenditure disproportionate to the financial position of the society or the importance of the occasion. There would also be many other matters, which the auditor may desire to bring to the special notice of the administrative officers. In all such cases, the auditor should submit a special report.

30. Instructions for preparation of Special Reports. -While submitting a special report, the auditor is required to pay attention of certain vital matters. In the first place, he should satisfy himself that circumstances exist which warrant submission of a special report or that there are matters which he considers important. His special reports should, therefore, be restricted to important matters on which some administrative action is called for. Unimportant matters need not be reported. Secondly, the auditor should have conducted thorough investigation and collected sufficient evidence to make out cases for civil or criminal liability to be fixed on the culprits. Mere mention of suspicious circumstances without collecting necessary evidence to prove the guilt will not be sufficient. If the auditor is unable to carry out a thorough and complete investigation himself, he should explain the circumstances and suggest ordering of an inquiry. But before enquiry is suggested, the Auditor should make thorough enquiries and collect relevant evidence himself. He must exercise powers given to him under the Act and Rules only cases where it is impossible for him to investigate the matter and collect covered by audit, evidence to be collected by visiting distant places, etc., he should recommended enquiry.

