
FREQUENTLY ASKED QUESTIONS

	Questions	Answers
1.	What is the procedure for selection of auditors for the audit of co-operative societies?	As per the provisions of Rule 29B(3) the Co-operative societies are grouped based on their working capital / turnover and based on the experience, auditors are also classified and published in the departmental website address http://www.sahakaradarpana.kar.nic.in The Co-operative Societies according to their group have to select auditors in their General Body as per Section 63(2) of Karnataka Co-operative Societies Act.
2.	Is the audit of all co-operative societies to be conducted only by officers / officials of the department of Co-operative Audit? and whether Chartered Accountants can conduct the audit?	No, Co-operative Societies are to be audited either by the departmental officers / auditors or by the Chartered Accountants, whom the General Body of the society selects from the list of eligible auditors maintained and published by the department.
3.	Should the Co-operative Societies pay the Audit Fee for the audit conducted by the department?	Yes, as per the provisions of Rule 30 of Karnataka Co-operative Societies Rules 1960 guidelines were issued by the department. Please refer the following circulars (1) ADF/ADC/52/2012-13, dated:21-09-2013. (1) Government Order No.: CO/09/CLM/2007, Bangalore, dated:08-03-2007. (2) Government Order No.: CO/198/CLM/2010, Bangalore, dated:04-01-2011.
4.	Should the co-operative societies follow the guidelines issued by the Director of Co-operative Audit with regard to the remuneration to the Chartered Accountants for having conducted audit.	Yes. The guidelines issued by Director of Co-operative Audit as per Rule 30 of Karnataka Co-operative Societies Rules 1960 has to be followed.

5.	Whether Scale of Audit Fee is fixed?	Yes, as per the guidelines issued by the Director of Co-operative audit on 21-09-2013, No.: ADF/ADC/ 52/2012-13
6.	Is there any provision for re-audit? If so what is the procedure?	Yes. If it appears to the State Government on an application by a Co-operative Society or otherwise that it is necessary or expedient to re-audit the accounts of a society, the state Government may, by an order provide for such re-audit as per Section 63(13) of Karnataka Co-operative Societies Act.
7.	Who will issue the Audit Report?	The Auditor who conducts the audit has to issue the audit report as per Section 63(8) of Karnataka Co-operative Societies Act.
8.	Whom should be contacted for any clarification regarding audit of co-operative society	Concerned District Deputy Director of Co-operative Audit to be contacted for any clarification.
9.	Is it only Co-operative Society should prepare and submit financial statements and other relevant schedule to audit?	It is mandatory for all co-operative institutions to prepare the financial statements and the schedules and submit the same before the auditor within 30 days of the closure of that co-operative year as per section 63(7) of Karnataka Co-operative Societies Act & as per Rule 29(3) of Karnataka Co-operative Societies Rules.
10.	Whether audit report is to be given in the prescribed format.	Yes. The department of co-operative audit has prescribed audit report format for different types of co-operative societies. The audit report in the prescribed format along with schedules and certificate is to be issued by the concerned auditor. The auditors are free to narrate all other details which are required to be narrated in detail.
11.	Is it mandatory for the auditor conducting audit of co-operative societies to follow Karnataka Co-operative Societies Act & Rules	Yes. It is mandatory for the auditor conducting audit of co-operative societies to follow Karnataka Co-operative Societies Act 1959 & Rules 1960, departmental audit instructions, manual, circulars issued by the Director of Co-operative Audit/Souharda co-operatives/Nabard/RBI/Government Orders and other related rules.
12.	Is it mandatory for Chartered Accountant to get enlisted in the eligible auditors before conducting the audit of co-operative society / souharda co-operatives?	Yes. As per Section 63(1) of the Karnataka Co-operative Societies Act and as per Section 33(1) of Karnataka Souharda Co-operatives Act, the Director of Co-operative Audit is the authority to prepare and maintain the list of eligible auditors.

