



To

**OFFICE OF THE
REGISTRAR, COOPERATIVE SOCIETIES,
PUNJAB, LAHORE**

No. RCS / Audit-V / 124

Dated: 17 January, 2023

1. All Joint Registrar (Field)
Cooperative Societies,
In the Punjab.
2. All the Deputy Registrars,
Cooperative Societies,
In the Punjab.

Subject:- AMENDED TORS FOR CONDUCTING AUDIT OF
COOPERATIVE HOUSING SOCIETIES / INSTITUTIONS.

In continuation of this office earlier letter No. RCS/Audit/646, dated 16.11.2022, on the subject cited above.

It is to inform you that the authority has desired to follow the terms of references (TORS) mentioned below while conducting the audit / Special Audit / Internal Audit of the Cooperative Housing Societies / Institutions by the auditors, in true letter and spirit:-

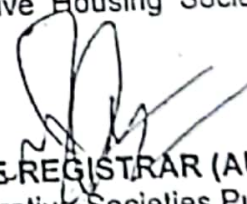
TORS

- 1) Acceptance of allocation by Auditors shall be confirmed within a week positively of allocation. In case of failure, allocation shall be liable to be cancelled.
- 2) The Auditor shall also submit undertaking with the acceptance that the firm is not an internal auditor or rendering services in preparation of accounts of the societies allocated and no conflict of interest arises.
- 3) Audit of the society assigned to the firm should be completed/ submitted within 60 days from the date of acceptance by the auditor. If the audit reports are not submitted in time, the firm shall be liable to pay penalty for each day of default of Rs.2000/- subject to the minimum penalty of Rs. 10,000/- and maximum penalty of Rs. 50,000/-. The assignment may be cancelled and re-assigned to any other firm also.
- 4) Scales of audit fee issued vide No. RCS/Audit-II/120, dated 13.01.2023 will be applicable to allocations of audit of Cooperative Institutions.
- 5) No Cooperative Housing Society/ Institution shall release audit fee payable to the audit firm until the audit firm submits audit report to the Registrar, Cooperatives, Punjab and thereafter, a letter for payment of audit fee is issued by the office of the Registrar, Cooperatives, Punjab to the respective Cooperative Society.
- 6) If previous audit of the institution has not been conducted or not allocated to any one, a report along with certificate of the institution may be sent to this office for taking necessary action.

- 7) During the audit, the Auditor will check all the purchases made by the society and value the vouchers of these purchases in accordance with market rates in the matter. Further he will also check whether proper codal procedure has been adopted in these purchases by the society or otherwise.
- 8) The Auditor will also check the stock and stores of the society and in case of any deficiency, shall give clear-cut recommendations in the matter.
- 9) As required under Section 22(2) of Cooperative Societies Act, 1925 the Auditor shall examine the overdue debts, if any, verify the cash balance and securities and evaluate the assets and liabilities of the society in a transparent and justified manner and shall give his opinion / recommendation in case of any misuse of funds & assets and un-necessary burden of liabilities of the society and fix the liability on delinquents.
- 10) In case of any embezzlement or misuse of funds during the period under audit, the Auditor shall recommend action under Section 50-A of Cooperative Societies Act, 1925 against the liable persons.
- 11) The Auditor shall give opinion on human resource.
- 12) The Auditor shall also observe whether all internal control mechanisms required by the society under Cooperative Societies Act, 1925 and rules thereunder have been fulfilled or not.
- 13) The audit reports, in case of Housing Societies, should also contain opinion on the following aspects:
- Approval status of layout plan (LOP) from the concerned development authority.
 - Point out violations if any in LOP regarding commercialization / division / bifurcation of plots.
 - Land documents i.e. sale / purchase / exchange / lease acquired during the period under audit.
 - Litigation position along with number of lawyers hired with professional charges.
- 14) A detailed report about following aspects of development work should be appended with the audit report.
- Necessary approvals from concerned authorities as per law, if any.
 - Procedure of awarding of tenders for development works and subsequent payments.
 - Rates of purchase & sale of electricity to the residents of the society, where electricity is purchased in bulk from WAPDA or other companies.
- 15) List of members duly certified by the society concerned according to the following Performa relating to period under the audit.
- Membership No.
 - Name with Father's Name along with CNIC No. of the member.
 - Address of the member
 - Date of enrolment as member
 - Date of approval by the Managing Committee.
 - Date of confirmation by the General Body.
 - Number and Value of shares purchased.
 - Deposits: -
 - Against cost of land;
 - Against development charges; and Others.
 - Balance recoverable from each member: -
 - Against cost of land;
 - Against development charges; and Others.
 - Remarks about present status

16. Share Capital of the society must be calculated in accordance with approved Bye-Laws of the society as per attached Performa A & B (in case of Housing Societies).
17. The account statements duly verified by the Manager of concerned Bank Branches and address of the Bank should be given, where the account(s) of the society is / are lying.
18. Schedule of Assets must contain all those items on which depreciation is worked out.
19. No trainee shall be engaged in these assignments.
20. The draft of audit report should be discussed with the Managing Committee of the Society before finalization / submission of the audit report.
21. Audit report must be very clear, complying with International parameters of auditing and local laws.
22. Audit memo as per prescribed Performa must be appended with audit report.
23. The audit report shall mention whether the Society has made compliance of previous audit observations or not.
24. Wherein, during the course of an audit, it appears that there exist any such grounds as specified in Section 50-A of the Cooperative Societies Act, 1925, or amount has been embezzled by any member of the Managing Committee or member of the Society, the auditor must refer the matter giving full facts to the Registrar Cooperative Societies, Punjab, Lahore along with recommendations to proceed against the delinquents under the relevant provisions of law.
25. The final audit report shall be submitted in triplicate, complete in all respects, to the following: -
 - i. Registrar Cooperative Societies, Punjab, Lahore.
 - ii. Deputy / Circle Registrar, Cooperative Societies concerned.
 - iii. Institution concerned.
26. All correspondence with respective cooperative Society / institution must be acknowledged with signature and date by its responsible officer.

You are therefore, requested to please bring the above amended TORs into the notice of all field offices and Cooperative Housing Societies / Institutions working under your supervisory jurisdiction.


CIRCLE REGISTRAR (AUDIT)
Cooperative Societies Punjab
Lahore.

NO. & DATE EVEN:

1. PS to Secretary to Government of the Punjab, Cooperative Department.
2. PA to Registrar Cooperative Societies, Punjab, Lahore.
3. All Chartered Accountants Firms, enlisted on the panel of Registrar, Cooperative Societies, Punjab, Lahore with the direction to observe the above terms of references for all orders, allocation or re-allocation after the issuance of this letter.


CIRCLE REGISTRAR (AUDIT)
Cooperative Societies Punjab
Lahore.

PERFORMA-A (Residential)

**DETAIL OF SHARE CAPITAL OF THE COOPERATIVE HOUSING SOCIETIES
AS ON 30.06.2022**

Sr. No.	Name of society & District	TOTAL MEMBERS	Mini. Share Value as per Required for membership of society as per its Bye-Laws	Slab of Share Value as per Bye Laws (Residential)			
				Size of Plot	No. of Plots	No. of Shares Required	Value of Share (6*7*1000 or as per approved Bye-Laws)
1.	2.	3.	4.	5.	6.	7.	8.
	Name of cooperative Housing Society / Institutions,			Upto 5-Marlas			
				6-Marlas to 10-Marlas			
				11-Marlas to 1-Kanal			
				More than 1-kanal but, less than 2-Kanal			
				2-kanals or more			
				Sub-Total			



12/07/22

PERFORMA-B(Commercial)

DETAIL OF SHARE CAPITAL OF THE COOPERATIVE HOUSING SOCIETIES
AS ON 30.06.2022

Sr. No.	Name of society & District	TOTAL MEMBERS	Minl. Share Value as per Required for membership of society as per its Byo-Laws (per Share Value Rs. 1000 as per Model B.Laws)	Slab of Share Value as per Bye Laws (Commercial)			
				Size of Plot	No. of Plots	No. of Shares Required	Value of Share (col 6*7*1000 or as per approved Byo-Laws)
1.	2.	3.	4.	5.	6.	7.	8.
	Name of cooperative Housing Society / Institutions,			Upto3-Marlas			
				Above 3-Marlas to 5- Marlas			
				11-Marlas to 1-Kanal			
				More than 5-Marlas but, less than 2-Kanal			
				2-kanals or more			
				Sub-Total			
				Grand Total (Performa A & B)			



05/07/22