DegreeLive Logo

B.Com Honours | Semester VI | Calicut University

CO-OPERATIVE MANAGEMENT AND ADMINISTRATION

Course Code: COM6EJ3065 • Module 4 Notes

Module IV: Co-operative Audit & Governance

Covers features of cooperative audit, distinction from general corporate audit, departmental auditor appointment (Sec 63), audit stages, vouching, asset valuation, audit classification ('A' to 'D'), and governance code.

Unit 11: Cooperative Audit Features & Classifications

Cooperative Audit: Statutory audit conducted under Registrar of Cooperative Societies (RCS) under Sec 63 of KCS Act. Financial Audit (verifying accounts) vs Administrative Audit (verifying bye-law & principle compliance).

Unit 12: Auditor Rights, Duties, & Liabilities

Auditor Duties: Appointed by Registrar. Right to inspect all books, cash balance, & property. Duty to issue Audit Memorandum, Audit Certificate, & summary of defects.

Unit 13: Audit Work Stages, Vouching, & Asset Valuation

Audit Execution: Preparation of audit program $ ightarrow$ Vouching cash & transfer transactions $ ightarrow$ Physical verification of cash & stock $ ightarrow$ Valuation of assets & verification of loan NPAs.

Unit 14: Auditing of Reserves, Audit Classification ('A' to 'D'), & Fees

Audit Classification Ratings: 'A' Grade (Excellent - $>75%$ marks), 'B' Grade (Good - 60-74%), 'C' Grade (Satisfactory - 45-59%), 'D' Grade (Poor / Mismanaged - $<45%$). Audit fees assessed per statutory tariff.

Unit 15: Code of Cooperative Governance

Governance Standards: ICA Code of Governance, gender representation on Board, conflict of interest disclosure, & annual social audit.

Practical Case Framework 1 (Cooperative Audit vs General Corporate Audit Matrix): Compare audit dimension, statutory authority, auditor appointment, and audit scope.

Cooperative Audit vs Corporate Audit Comparison Table:

Audit Dimension	Cooperative Audit (KCS Act Sec 63)	General Corporate Audit (Companies Act)
Appointing Authority	Registrar of Cooperative Societies (RCS)	Shareholders in Annual General Meeting (AGM)
Audit Scope	Financial Audit + Administrative & Social Audit	Financial True & Fair View Audit only
Audit Rating Output	Mandatory Audit Classification ('A', 'B', 'C', 'D')	Audit Opinion (Unmodified / Qualified)

Practical Case Framework 2 (Cooperative Audit Classification Rating Marks Scale Matrix): Compare audit classification grade, marks range percentage, operational condition, and management status.

Cooperative Audit Rating Scale Table:

Audit Rating Grade	Evaluation Marks Range	Operational & Governance Status
'A' Class Rating	75% and above	Excellent working, high solvency, zero major defects
'B' Class Rating	60% to 74%	Good working, minor procedural defects
'C' Class Rating	45% to 59%	Satisfactory, requires operational improvements
'D' Class Rating	Below 45%	Poor working, mismanaged, prone to supersession