

CIRCULAR NO. 189

SUBJECT :- Instructions to be observed by Regional Officers while recommending the case for Special Audit to the Charity Commissioner.

It has been observed that the proposals for Special Audit received by the C.C. from the Regional Officers are always incomplete. On receipt of such proposals information on several points is, therefore, required to be collected from the Regional Officers who send such proposals. This consumes available time.

In order that the cases relating to the special audit could be dealt with expeditiously in the head office, all the Regional Officers are, directed that whenever proposals for special audit are sent, they should be very clear in pointing out as to what items should be referred to the special audit and what periods should be covered by special audit and what periods should be covered by special audit. The information on following points must, therefore, be reported when they propose a case for special audit to the Charity Commissioner ;

- (i) The Regional Officers should specify the years for which special audit appears necessary.
- (ii) The Regional Officers should specifically state while forwarding the proposal whether all the accounting returns for the period involved under special audit are received and whether there are any qualified remarks of the auditors. The accounting returns for the relevant period should be sent with the proposal. If the accounting returns have not been received what action has been taken by the regional offices should be mentioned.
- (iii) Special audit means investigation audit. Specific items for which special audit will be required to be ordered should be mentioned while submitting a proposal for special audit. The Regional Officer should therefore, mention the special points which required investigation and which in the course of regular or routing audit are not likely to be investigated by the auditors.
- (iv) The reasons for which special audit is considered necessary for the various items should be clearly stated. In this connection if the Regional Officer has reason to believe that auditors have joined hands with the trustees and their report is not complete in all material particulars required under the Act that fact should be so stated. It should also be remembered that if there is a case of prima facie loss and it can be determined action to investigate the matter under section 38 should be commenced forthwith and finding for loss given under section 39 of the Act. Such a case should not be referred for special Audit. However, if the regional Officer feels that prima facie loss must have been caused and the auditors have not reported any loss or have reported very small amount of loss while the loss determined by the applicant is considerable it should be stated accordingly.
- (v) It must be made clear whether the relevant accounts and vouchers etc., will be available for special audit or not. The details of record, accounts and vouchers etc., which are not available should be specifically mentioned.

- (vi) The income and expenditure of the years for which special audit is considered necessary should be given because the fee for special audit is determined on the basis of the gross income. If the special audit is to be undertaken for a particular department or activity, the information should be given in respect that department or activity only.
3. Unless the report of the Regional Officer is complete in respect of all the points referred to above, the proposals will not be corrected by this office for ordering special audit.

Dated – 8th July 1974

P. S. Dhamane
Charity Commissioner,
Maharashtra State, Mumbai