

S.D. SATAM & CO.

CHARTERED ACCOUNTANTS

C-2003, STATION PLAZA, STATION ROAD, BHANDUP WEST, MUMBAI: - 400078.

M - 9820496081 / 9820641936

15/06/2021

To,

The Honorary Chief Executive & Secretary,
The Maharashtra Urban Co-operative Banks' Federation Ltd.,
Bharatiya Krida Mandir, Naigaon,
Wadala Road, Mumbai: 400 031.

Madam,

Sub: Submission of Internal Audit Report for the period from 01.04.2020 to 31.03.2021

We have completed Internal Audit of your Federation for the period from 01.04.2020 to 31.03.2021 and are submitting herewith a copy of it for your perusal.

Thanking you,

For S. D. Satam & Co.
Chartered Accountants

(Santosh D Satam)
Proprietor
Memb. No. 104904

PANEL NO. 17257

UDIN: 21104904AAAAXL2049

S.D.SATAM & CO.

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INTERNAL AUDITOR'S REPORT

We have audited the attached Balance Sheet of **THE MAHARASHTRA URBAN CO-OPERATIVE BANKS' FEDERATION LTD., MUMBAI** as at 31st March, 2021 and also the foregoing Income & Expenditure Account for the year ended up to that date.

These financial statements are the responsibility of the Federation's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards subject to the scope of audit as laid down by the Board of Directors. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

On the basis of the information and explanation given to us, we are of the opinion that:-

1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. Proper books of account as required by the Act, Rules and Bye-laws of the Federation have been kept by the Federation so far as appears from our examination of the books.
3. The transactions of the Federation which have come to our notice have been within the powers of the Federation.
4. The accounts give the information required by the Act in the manner so required and give a true and fair view :-
 - a) In the case of Balance Sheet, of the state of affairs of the Federation as at 31st March 2021.
 - b) In the case of the Income & Expenditure Statement, of the Surplus for the year ended on the date.

Date :- 15/06/2021

Place: Mumbai

For S. D. Satam & Co,

Chartered Accountants

UDIN :- 21104904AAAAXL2049

THE MAHARASHTRA URBAN CO-OPERATIVE BANKS' FEDERATION LTD.

DISCUSSION CERTIFICATE

This is to certify that the enclosed report of Internal Audit for the year 2020-21 has been discussed with **Mrs. Sayali Bhoir (Chief Executive & Secretary)** as on June 14, 2021 at 12.00 p.m. The irregularities noticed by us were discussed for early remedial action.

Santosh D. Satam
Chartered Accountant
For S. D. Satam & Co.

Sayali S. Bhoir
Chief Executive & Secretary
The Maharashtra Urban Co-op. Banks' Federation Ltd.

THE MAHARASHTRA URBAN CO-OPERATIVE BANKS' FEDERATION LTD.

1) ADDITIONS TO FUNDS

• **FUNDS**

PARTICULARS	BAL. AS ON 31.03.2020	BAL. AS ON 31.03.2021	GROWTH
A) Reserve Fund	92,51,755.00	94,51,855.00	2,00,100.00
B) Building & Development Fund	3,03,59,701.00	3,11,59,701.00	8,00,000.00
C) Staff Gratuity Fund	81,63,463.07	89,13,463.07	7,50,000.00
D) Staff Leave Encashment Fund	42,51,541.00	49,84,081.00	7,32,540.00
E) Amortization Fund for Leasehold Premises	14,25,000.00	14,75,000.00	50,000.00
F) Unforeseen & Contingent Liability Fund	55,00,000.00	61,37,000.00	6,37,000.00
G) Staff Welfare Fund	30,44,000.00	36,44,000.00	6,00,000.00
H) Special Reserve for Investment	16,00,000.00	32,00,000.00	16,00,000.00
I) Election Reserve Fund	0.00	3,82,000.00	3,82,000.00
Total	6,35,95,460.07	6,93,47,100.07	57,51,640.00

- During the year Federation's funds are increased by ₹ 57.52 Lakh.
- Income & Expenditure Account balance of ₹ 8,00,306.14 for the year ended 31.03.2020 is apportioned in the following manner.

Particulars	Amount (Rs.)
Reserve Fund - 25%	2,00,100.00
Building & Development Fund	2,00,000.00
Unforeseen & Contingent Liability Fund	1,00,000.00
Staff Gratuity Fund	1,50,000.00
Staff Leave Encashment Fund	1,50,000.00
Bal. c/f for Next Year	206.14
TOTAL	8,00,306.14

- During the year, Federation has made ad-hoc provisions which are as follows:-

Particulars	Amount (Rs.)
Building & Development Fund	6,00,000.00
Staff Gratuity Fund	6,00,000.00
Staff Leave Encashment Fund	7,00,000.00
Staff Welfare Fund	6,00,000.00
Unforeseen & Contingent Liability Fund	5,25,000.00
Special Reserve for Investment	16,00,000.00
Election Reserve Fund	3,82,000.00
TOTAL	50,07,000.00

- During the year ₹ 50,000/- is transferred to amortization fund of leasehold premises as the Property Lease cost is ₹ 30,00,000/- which is distributed over 60 years of lease period.

2) REGISTER MAINTAINED :-

- We have verified following registers & our observations are as follows:-

S.N.	Name of the Register	Observation
1.	Investment Register	Register is maintained in computer system & updated properly.
2.	Leave Register	Register is maintained in computer system & updated properly.
3.	Attendance Register	Register is maintained & updated properly.
4.	Salary Register	Register is maintained & updated properly.

3) MINUTE BOOK:

- During the year 6 board meetings and 1 sub-committee meeting were held. Secretarial Compliance is done as per Bye-Law.
- Due to Covid 19 Pandemic and Lockdown in the country; Annual General Meeting was held with physical presence of members as well as virtually on 24th March 2021 and Secretarial Compliance is done.

4) BANK ACCOUNTS

- **Apna Sahakari Bank Ltd :-**

Balance as per GL on 31.03.2021 ₹ 6,39,459.30

Balance as per Bank on 31.03.2021 ₹ 7,54,340.30

Reconciliation has been done as on 31.03.2021 and found correct.

- **M.S.C. Bank :-**

Balance as per GL on 31.03.2021 ₹ 6,69,895.70

Balance as per Bank on 31.03.2021 ₹ 6,69,895.70

Account is tally with bank statement as on 31.3.2021.

- **UCO Bank :-**

Balance as per GL on 31.03.2021 ₹ 73,994.00

Balance as per Bank on 31.03.2021 ₹ 73,994.00

Account is tally with the bank statement as on 31.3.2021.

5) FIXED ASSETS

- a. We have verified Additions to fixed assets with necessary supporting & found in order.
- b. Fixed assets are depreciated at following rates as considered appropriate by the management.

S.N.	Assets	Depreciation
1.	Furniture & Fixtures	10 % of W.D.V.
2.	Office Equipment	15% of W.D.V.
3.	Computer	33.33% W.D.V.
4.	Library Account	20% W.D.V.
5.	Vehicle	15% of W.D.V.

6) GENERAL LEDGER SCRUTINY:

- Advance Subscription from members is ₹ 1,75,858.18

S.N.	Name of the Bank	Amount (Rs.)
1.	Abhinandan Urban Co-operative Bank Ltd., Amaravati	810.00
2.	Ahmednagar Jilha Nagari Sahakari Bank Asso. Ltd.	10.00
3.	Babaji Date Mahila Sahakari Bank Ltd., Yavatmal	125.00
4.	Desaiganj Nagri Sahakari Bank Ltd., Gadchiroli	7,000.00
5.	Dharmveer Sambhaji Urban Co-operative Bank Ltd., Pune	20,000.00
6.	Dhule & Nandurbar Jilha Sarkari Nokaranchi Sahakari Bank Ltd	4,601.18
7.	Janata Co-operative Bank Ltd., Malegaon	810.00
8.	Jankalyan Sahakari Bank Ltd., Nasik	3,990.00
9.	Krushiseva Urban Co-operative Bank Ltd., Solapur	14,000.00

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10.	Lonavala Sahakari Bank Ltd., Pune	3,314.00
11.	Nasik District Ind. & Mercantile Co-operative Bank Ltd., Nasik	1,000.00
12.	Pravara Sahakari Bank Ltd., Loni	550.00
13.	Shivparvati Mahila Nagri Sahakari Bank Ltd., Parbhani	10.00
14.	Shree Panchganga Nagari Sahakari Bank Ltd., Kolhapur	125.00
15.	The Ambika Mahila Sahakari Bank Ltd., Ahmednagar	700.00
16.	The Deccan Merchants Co-operative Bank Ltd.	35,000.00
17.	The Malegaon Merchants Co-operative Bank Ltd.	763.00
18.	The Mogveera Co-operative Bank Ltd.	35,000.00
19.	The Muslim Co-operative Bank., Pune	1,050.00
20.	The Ojhar Merchants Co-operative Bank Ltd.	47,000.00
	TOTAL	1,75,858.18

7) OTHER ASSETS:-

- **Members Subscription as on 31.03.2021**

	Particulars	Rs.
	Members Subscription as on 31.03.2020	71,16,581.00
Add: -	Additional provision done on account of short provision for F.Y.2019-20	10,000.00
Less: -	Cash collected from members in 2020-21	11,36,517.00
	Goods & Service Tax receivable from Members	1200.00
		59,88,864.00
Less: -	Member's subscription reversed from 2013-14 to 2019-20	2,09,000.00
Add: -	Member's subscription receivable for the year 2020-21	29,07,358.00
	Total Members' subscription receivable As on 31.03.2021	86,87,222.00

- During the year, Federation has made additional provision of ₹ 3,000/- & ₹ 7,000/- on account of short provision done of Pune Merchants Co-op Bank Ltd., Pune & Shree Gajanan Maharaj Urban Co-op Bank Ltd., Jalna respectively for the F.Y. 2019-20.

- Federation has reversed Members subscription receivable from C.K.P. Co-op Bank Ltd. & Needs of life Co-op Bank Ltd. of ₹ 1,85,000/- & ₹ 24,000/- respectively as the said banks licenses were cancelled by RBI.
- Goods & Service Tax amounting to ₹ 1,200/- receivable from Members which is shown under Sundry Debtors & Other Assets.
- Federation has accounted members subscription on receipt basis instead of mercantile basis.

The year wise Outstanding Membership fees as of 31.03.2021 are as follows

S.N.	Year	Amount (In Rs.)
1.	2006-07	₹ 54,000
2.	2007-08	₹ 66,000
3.	2008-09	₹ 67,500
4.	2009-10	₹ 97,000
5.	2010-11	₹ 1,03,500
6.	2011-12	₹ 1,30,500
7.	2012-13	₹ 1,67,257
8.	2013-14	₹ 2,64,000
9.	2014-15	₹ 2,85,000
10.	2015-16	₹ 3,49,111
11.	2016-17	₹ 5,23,119
12.	2017-18	₹ 8,54,558
13.	2018-19	₹ 12,12,603
14.	2019-20	₹ 16,05,716
15.	2020-21	₹ 29,07,358
	Total	₹ 86,87,222

- Federation must try to recover this subscription as early as possible.

8) INCOME & EXPENDITURE ACCOUNT :

- We have verified accounts with supporting vouchers & found correct.
- The Summary of Income & Expenditure as on 31.03.2021 is as follows

Particulars	31.03.2020	31.03.2021	Increase /(Decrease)
INCOME			
Membership Subscription	1,03,55,656.00	98,50,159.00	(5,05,497.00)
Interest Received	45,11,777.00	35,94,877.00	(9,16,900.00)
Other Income	44,84,076.00	2,26,494.00	(42,57,582.00)
Total Income (A)	1,93,51,509.00	1,36,71,530.00	(56,79,979.00)
EXPENDITURE			
Employee Cost	49,20,389.00	50,63,109.00	1,42,720.00
Board of Directors Expenses	4,67,068.00	91,293.00	(3,75,775.00)
Office Expenses	9,44,438.00	3,14,220.00	(6,30,218.00)
Fees, Commission etc.	2,41,248.59	1,75,964.04	(65,284.55)
Property Expense (Rent, Taxes, Insu., Ele., Dep., Rep etc)	8,08,177.00	7,41,784.00	(66,393.00)
Other expenditure	25,70,185.54	14,77,134.00	(10,93,051.54)
Total Expenditure (B)	99,51,506.13	78,63,504.04	(20,88,002.09)
Gross Surplus (C = A - B)	94,00,002.87	58,08,025.96	(35,91,976.91)
Transfer to various Funds (D)	86,00,000.00	50,07,000.00	(35,93,000.00)
NET Surplus (E = C - D)	8,00,002.87	8,01,025.96	1,023.09

During the year, the gross surplus of the Federation is decreased by ₹ 35,91,976.91. This decrease in gross surplus is mainly due to decrease in membership subscription, interest income, other income & increase in employee cost etc. The Federation has accounted members subscription on receipt basis instead of mercantile basis. The other income is on account of Income from Renting Conference Hall, Training fees, Donations etc.

9) CURRENT LIABILITIES:-

- **Sundry Liabilities & Provisions as on 31.03.2021 is ₹ 10,41,218.58**

We have checked Current Liabilities & the amount represents provisions made for various expenses.

S.N.	Particulars	Amount (in Rs.)
1.	Provision for Ex-Gratia	6,86,051.00
2.	Electricity Charges Payable	10,143.00
3.	Telephone Charges Payable	1,742.00
4.	Water Charges Payable	10,000.00
5.	Internal Audit Fees Payable	20,000.00
6.	Statutory Audit Fees Payable	6,986.00
7.	Staff Security Deposit	54,000.00
8.	GST Payable	2,10,157.58
9.	Membership subscription Payable (NAFCUB)	40,000.00
10.	TDS Payable for A.Y. 2021-22	2,139.00
	TOTAL	10,41,218.58

10) INVESTMENTS:-

- We have physically verified Fixed Deposit receipts and the same were found in order.
- Fixed deposits as on 31.03.2021 were as follows.

S.N.	Particulars	Amount (Rs.)
1.	G. P. Parsik Sahakari Bank Ltd.	15,00,000.00
2.	Apna Sahakari Bank Ltd.	54,000.00
3.	The Bharat Co-op. Bank Ltd.	30,00,000.00
4.	Bassein Catholic Co-op. Bank Ltd.	17,00,000.00

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5.	Punjab & Maharashtra Co-op. Bank Ltd.	82,34,716.00
6.	TJSB Sahakari Bank Ltd.	1,20,00,000.00
7.	The Satara Sahakari Bank Ltd.	19,05,868.00
8.	GS Mahanagar Co-Op Bank Ltd.	10,00,000.00
9.	M.S.C. Bank Ltd.	1,85,00,000.00
10.	SVC Co-Operative Bank Ltd.	75,00,000.00
11.	Saraswat Co-Operative Bank Ltd.	90,00,000.00
	TOTAL	6,43,94,584.00

- Interest receivable of ₹ 5,26,208/- on said Investment is properly shown by the Federation.

11) GENERAL OBSERVATIONS:-

- According to Lease Agreement point No. 5, the Federation shall not sub- lease the premises. But the Federation has sub leased the part of the premises to The Brihan Mumbai Nagari Sahakari Banks Association & received Rs. 7.45 Lacs as deposit.
- We are thankful to the Chairman, Vice-Chairman, Directors, Chief Executive & Secretary and other staff for giving co-operation during the internal audit.

Date: 15/ 06 / 2021**For S.D.Satam & Co.****Place: Mumbai****Chartered Accountants****UDIN: 21104904AAAAXL2049****(Santosh Satam)***********