

**OBSERVATIONS IN THE
AFS OF COOPERATIVES
AND OTHER RELATED
ISSUES AND CONCERNS**

COVERAGE AREA

- ✧ Auditor's Report
- ✧ Financial Statements
- ✧ Notes to Financial Statements
- ✧ Other Audit related issues and concerns

AUDITOR'S REPORT

- Non-accredited practitioner signed the Audited Financial Statement

- Using the letterhead of non-accredited firm but signed by an accredited practitioner

AUDITOR'S REPORT

- ❑ Signing audit report with expired accreditation

- ❑ Accreditation number and expiration date not affixed in the Auditors Report

AUDITOR'S REPORT

- Statement of management responsibility not attached
- Incomplete sets of required financial statements/reports such as but not limited to:
 - * Statement of changes in equity
 - * Cash flow statement
 - * Notes to Financial Statements

AUDITED FINANCIAL STATEMENTS

- Non-conformance with the Standard Chart of Accounts (revised edition)
- Use of Retained Earnings, Gross Margin/Profit Accounts
- Presentation of financial statements is not comparative

AUDITED FINANCIAL STATEMENTS

- Donation was treated as income
- Forced balance financial statements or un balanced financial statements
- Erroneous totals/balances
- Erroneous charging against statutory reserves accounts

AUDITED FINANCIAL STATEMENTS

- Erroneous distribution of net surplus
- Use of non-cooperative accounts
- Direct charging of written off accounts against reserve fund
- Improper utilization of the Statutory Funds accounts

AUDITED FINANCIAL STATEMENTS

- ❑ Adoption of Fund Accounting approach for primary cooperatives (Receipt and Disbursement)
- ❑ Erroneous distribution of net surplus when the beginning balance of reserve fund is in the negative

AUDITED FINANCIAL STATEMENTS

- ❑ Over utilization of Community Development Fund and Cooperative Education and Training Fund that results to negative balances
- ❑ Statement of changes in equity is not reconciled with what is reflected in the Statement of Financial Condition

AUDITED FINANCIAL STATEMENTS

- Inclusion of restricted cash accounts in the general cash accounts
- Non provisioning of allowance for probable losses on receivables
- Erroneous treatment of allowance for probable losses account

NOTES TO FINANCIAL STATEMENTS

- Incomplete disclosures / no notes to FS
- Limited information contained
- Figures reflected in the notes to FS did not jibe / reconcile with the figures reflected in the AFS

NOTES TO FINANCIAL STATEMENTS

- Undisclosed adjustments; reclassification; consolidation of accounts
- Non disclosure of details of accounts particularly: Cash and cash equivalent, Loans/Accounts receivables, Investments, etc

OTHER ISSUES AND CONCERN

- Signing the Audit Report without conducting the audit
- Other than FINANCIAL AUDIT, engaged by the cooperative as internal auditor, financial consultant, or as retainer for accounting work

OTHER ISSUES AND CONCERN

- Non disclosure of material findings involving fraud or dishonesty leading to misrepresentation of financial statements
- Conduct of audit work outside the scope of audit engagement

OTHER ISSUES AND CONCERN

- While on audit engagement, act as consultant and or contracted to do information system design
- Non disclosure of the cooperative's condition pertaining to insufficiency of assets to cover creditors claims

OTHER ISSUES AND CONCERN

- Non disclosure of material breach of cooperative laws
- Non disclosure of findings/observation on matters of cooperative governance that may require urgent action by the Authority

End of presentation