



**KARNATAKA STATE
CHARTERED ACCOUNTANTS ASSOCIATION (R.)**



Date: 16th April 2019

To,

The Principal Secretary
Department of Co-operation
Govt. of Karnataka
M.S. Buildings
Bangalore

Dear sir,

Subject: Request for revision of Audit fees fixed for Statutory Audit of Co-operative Societies & Co-operative Banks in Karnataka

The Karnataka State Chartered Accountants Association (R) (in short 'KSCAA') is an association of Chartered Accountants, registered under the Karnataka Societies Registration Act, in the year 1957. KSCAA is primarily formed for the welfare of Chartered Accountants and represents before various regulatory authorities to resolve the professional problems faced by chartered accountants and business community.

Herein, we are presenting before your good selves the genuine need for revision of Audit fees prescribed for Statutory Audit in view of facilitating good quality of audit.

To provide a backdrop, The Karnataka Co-operative Societies Act, 1959 was amended and Statutory Audit of Co-operative Societies was made open to Chartered Accountants. Before the amendment, the audit of societies was conducted by Department of Co-operative Audit and the fees was fixed for such audits was at 20 paise for every Rs.100 working Capital up-to Rs.10 Crores of turnover of the concerned Society. However, the said fees was reduced to Rs. 10 paise when the audit was thrown open to Chartered Accountants in the year 2013.

Even after elapsing of 6 years, the same audit fee structure is being continued and with the rise in inflation and cost of quality manpower, the existing fee structure is unsustainable. Similarly, the audit fees of co-operative banks fixed in the year 2010 has not undergone any revision. Further, the above audit fees is inclusive of all expenses and no separate TA/DA is being reimbursed, which is not as per commercial practice and needs.



Since 1957

**KARNATAKA STATE
CHARTERED ACCOUNTANTS ASSOCIATION (R.)**



CA. RAGHAVENDRA SHETTY
President

CA. JIGAJINNI KUMAR S.
Secretary

We herein humbly request your good selves to please intervene and revise the audit fee structure to meet the current trends. We are of a view that your positive directive will help CA fraternity to enhance their service offerings and the quality of audit.

Eagerly awaiting positive response!

For **Karnataka State Chartered Accountants Association ®**

CA. Raghavendra Shetty
President

CA. Kumar Jigajinni
Secretary

CA. Vijay Sagar Shenoy
Chairman, Representation
Committee