

**THE CO-OPERATIVE AUDIT AND SUPERVISION ACT,  
1982**

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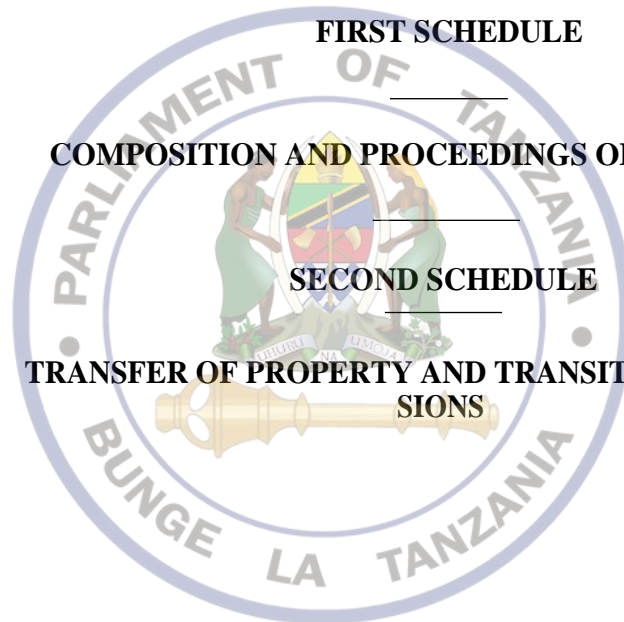
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THE UNITED REPUBLIC OF TANZANIA



No. 15 OF 1982

I ASSENT,

*Julius K. Nyerere*

President

28<sup>TH</sup> JUNE 1982

**An Act to establish Co-operative Audit and Supervision Corporation to provide for its functions and to provide for matters related to audit, supervision and inspection of books of accounts of co-operative societies**

ENACTED by the Parliament of the United Republic of Tanzania.

**PART I**

PRELIMINARY

1. This Act may be cited as the Co-operative Audit and Supervision Act, 1982, and shall come into operation on such date as the Minister may by notice in the *Gazette*, appoint.

Short title and commencement

2. In this Act, unless the context otherwise requires-

"apex organization" means a registered co-operative society the area of whose operation extends throughout Tanzania;

Interpretation

"Board" means the Board of Directors established under section 5 (1);

"committee" means a body responsible for the management of the affairs of a registered society;

"Corporation" means the Co-operative Audit and Supervision Corporation established under section 3;

"the Director" means the Director of Co-operative Audit and Supervision Corporation appointed under section 5(3);

- "Minister" means the Minister for the time being responsible for matters pertaining to co-operative societies;
- Acts, 1982  
No. 14 „ officer" has the same meaning ascribed to it by the Co-operative Societies Act, 1982;
- Acts, 1982  
No. 14 "primary society" has the meaning assigned to it by the Co-operative Act, 1982;
- Acts, 1982  
No. 14 "Registrar" has the same meaning ascribed to it by the Co-operative Societies Act, 1982;
- Acts 1982  
No. 14 "secondary society" has the meaning assigned to it by the Co-operative Act, 1982.

## PART II

### THE CO-OPERATIVE AUDIT AND SUPERVISION CORPORATION

Established  
of the Corpo-  
ration

**3.-(1)** There is hereby established, a body corporate to be known as the Co-operative Audit and Supervision Corporation.

(2) The Corporation shall-

- (a) have perpetual succession and an official seal;
- (b) in its corporate name, be capable of suing or being sued-,
- (c) subject to the provisions of this Net, be capable of holding, purchasing and otherwise acquiring in any other way any movable or immovable or of disposing of any of its property.

Functions of  
the Corpora-  
tion

**4.-(1)** Subject to this section, functions of the corporation shall be-

- (a) to provide audit and supervision services to co-operative societies;
- (b) to give advice on audit and accounting procedures and to formulate audit and accounting policy for adoption by the societies;
- (c) to do any other thing which may facilitate the proper exercise of the functions of the corporation.

(2) The Corporation shall be responsible for and shall perform in accordance with the best professional standards and, except where it is otherwise provided in any other written law, within twelve months of the end of the financial year concerned, audit accounts of any co-operative society, or such other body as may be prescribed by the Minister or Registrar as the case may be.

(3) The Corporation may provide its services, upon such terms and conditions as may be agreed, to a co-operative society or any other person,

(4) The Corporation shall, if required by any written direction of the Minister or Registrar, so to do, provide its services upon such terms and conditions as may be specified in such direction, to any person or body of persons whether corporate or unincorporated.

(5) The Corporation may from time to time, appoint on such terms and conditions as it may think fit such officers as it may consider necessary for the performance of its functions and may enter into such arrangements with persons or firms for the supply of services or facilities to the Corporation as it may consider desirable.

(6) The Corporation shall have power to do any other thing which is necessary or expedient for the proper carrying out of its functions under this Act.

(7) Subject to special direction by the Minister in the exercise of its functions under this section, the corporation shall not be subject to the direction or control of any other person or authority.

5.-(1) There shall be Board of Directors of the Corporation which shall, subject to this Act, be responsible for the performance by the Corporation its functions and for the control and management of the Corporation.

Management  
of the Corpo-  
ration

(2) The provisions of the First Schedule shall have effect in respect of the composition, constitution and proceeding of the Board.

(3) The President shall appoint a public officer to be the Director.

(4) The Director shall be responsible for the day to day administration of the Corporation.

### PART III

#### AUDIT, INSPECTION AND INQUIRIES

6.-(1) The Director shall audit or cause to be audited by some person authorized by him or by general or specified order in writing the accounts of every registered primary society, secondary society and the apex organization once a year.

Audit

(2) The audit under subsection (1) shall include an examination of overdue debts if any, and valuation of the assets and liabilities of the society.

(3) The Director or any other person appointed' to audit account of a society shall have power when necessary-

- (a) to summon at the time of his audit any officer, agent, servant or member of the society. who he has reason to believe can give material information in regard to any transactions or the management of its affairs; or
- (b) to require the production of any book or document relating to the affairs of; or any cash or securities, belonging to the society by the officer, agent, servant or member in possession of book, document, cash or securities.
- (4) Any officer, agent, servant or member of registered society who-
- (a) willfully neglects or refuses to do any act or furnish any information; or
- (b) furnishes information known to be false; or
- (c) without any reasonable excuses disobeys any summons or order under subsection (3) shall, be committing an offence, and on conviction be liable to a fine not exceeding five thousand shillings or to a term of imprisonment not exceeding one year or to both such fine and imprisonment.

Special  
inspection

7.-(1) The Registrar may of his own motion, or on the application of majority of the members of the committee or not less than one-third of the members, direct the Director or any other employee of the Corporation by order in writing in this behalf to hold a special inspection into the activities and financial affairs of a registered society.

(2) All officers and members of the society shall produce books and documents of the society and furnish such information in regard to the affairs of the society as the Director and any other authorized person may require.

Inspection by  
Registrar

8.-(1) The Registrar may of his own motion direct the Director to carry out an inspection of any specified co-operative organization in respect of any person employed by a specified co-operative organization or any person who, in the opinion of the Registrar, is reasonably believed of having had any dealing with any specified co-operative society.

(2) In carrying an inspection under this section the Director shall have power-

- (a) to require any person, whether such person is an employee of the specified co-operative society or is reasonably believed to have had dealings with the specified co-operative society to produce to an officer of the Corporation any book of account or other document which, in the opinion of the officer of the Corporation, is relevant to the inquiry;

(b) to require any person, whether such person is an employee of the specified co-operative society or is reasonably believed to have had dealing with such specified co-operative society, to answer all such questions put to him by an officer of the Corporation, which in the opinion of such officer are relevant to the inquiry.

(3) Any person who, upon being required, pursuant to provision of subsection (2), by an officer of the Corporation to produce any book of account or other document or to answer any question put to him by the officer of the Corporation, fails or refuses to produce such book of account or other document or fails or refuses to answer any such question or gives an answer which he knows or has reason to believe to be untrue, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding twenty thousand shillings or to a term of imprisonment not exceeding two years or to both such fine and imprisonment.

(4) For the purposes of this section "inspection" means an examination of, or in relation to, any transaction or series of transactions involving money, crops or any other valuable consideration; "employee of specified co-operative society" includes an officer or member of a specified co-operative society whether or not he is an employee of such co-operative society.

(5) A person shall, for the purposes of this section, be deemed to have had dealings with a specified co-operative society if he has had dealings with the organization as a buyer, seller, contractor, sub-contractor, broker or supplier, or if he has acted for or on behalf of the society in any transaction whatsoever, whether or not he has received any remuneration for his services, and references in this section to any such person include references to any employee or agent of such person or, where such person is body of persons, whether corporate or unincorporated include references to any officer, member, employee or other person, whether or not an employee, who is or, was at the material time, concerned with the management of the affairs of such body of persons.

(6) Where an inspection has been carried out under the provisions of this section, the Corporation shall, as soon as may be practicable after the completion of the inspection, submit its report on such inspection to the Registrar

**9.**-(1) Subject to subsection (2) the Director shall, in consultation with the registrar, on the application of a creditor of a registered society inspect or direct some person authorized by him by order in writing in this behalf to carry such inspection.

Inspection on  
behalf of a  
creditor

(2) No inspection under this subsection shall be carried out or directed unless-

- (a) the creditor satisfied both the Registrar and the Director that the debt is a sum then due and he has demanded payment thereof and he has not received satisfaction within a reasonable time; and
- (b) the creditor deposits with the Corporation such sum as security for costs of the proposed inspection as the Director may require.

Costs of or  
inspection

**10.**-(1) Where an inspection is held under section 7 or 9 the Registrar may by a certificate under his hand and seal, make an award apportioning the costs, or such part of the costs as he may think right, between the society, the members or creditor demanding an inquiry or inspection, and the officers of former officers of the society.

Acts 1966.  
No. 49

(2) The registrar may lodge a certified copy of a certificate issued by him under subsection (1) in court of resident magistrate or in district court and upon being lodged such certificate shall be deemed to be a decree passed by such court for the payment by the person named in the certificate to the Registrar of the sum specified in the certificate and such sum may be recovered in any manner prescribed by the Civil Procedure Code, 1966 for the enforcement of decrees shall apply *mutatis mutandis*, to proceedings for the recovery of costs awarded under this section.

Jurisdiction  
of courts

Cap. 20

**11.** Where any person is charged with an offence under this Act and is convicted of such offence by a court presided over by a competent magistrate, such court shall, notwithstanding the provisions of section 7 of the Criminal Procedure Code, have power to pass sentence of fine not exceeding thirty thousand shillings or of a term of imprisonment not exceeding three years or both such fine and imprisonment.

## PART V

### FINANCIAL PROVISIONS

Funds and  
resources of  
the Corpora-  
tion

**12.** The funds and resources of the Corporation shall consist of-

- (a) such sums which may derive from the operations of the Corporation;
- (b) such funds or assets as may rest in or accrue to Corporation from other sources by way of grants, gifts, fees or in any other way;
- (c) any sum which the Corporation may, subject to the provisions of section 14 borrow for its purposes;
- (d) such sums as may be provided for the specified purpose by the Parliament, either by way of grant or loan.



**13.** With the prior approval of the Minister the Corporation may, from time to time, invest any part of the moneys available in any fund in investments authorized by the Trustees Investments Act, 1967, for investment of any trust fund.

Investment  
Act, 1967  
No. 33

**14.** With prior approval of the Minister, the Corporation may, from time to time, borrow moneys by way of loan or overdraft, and upon such security and terms and conditions relating to repayment of the principal and payment of interest, subject to any direction by the Minister, as the Corporation may consider fit.

Power to bor-  
row

**15.**-(1) Subject to subsection (2), "financial year" in this Act means any period not exceeding twelve consecutive months designated by the Corporation as the accounting period.

Annual and  
supplemen-  
tary budget

(2) The first financial year of the Corporation shall commence on the date when this Act comes into operation and may be of the period longer or shorter than twelve months.

(3) Not less than two months before the beginning of any financial year the Board shall at its first meeting especially convened, for that purpose, pass a detailed budget (in this Act called the "annual budget") of the amounts respectively-

- (a) expected to be received; and
- (b) expected to be disbursed by the Corporation during the financial year.

(4) If in any financial year the Corporation requires to make any disbursement not provided for in the annual budget, for the year, the Board shall at a meeting, pass a supplementary budget detailing the disbursement.

(5) Forthwith upon the passing of the annual budget or any supplementary budget the Corporation shall submit the budget to the Minister for his approval.

(6) The Minister shall, upon the receipt of the annual budget or supplementary budget approve or disprove it or approve it subject to such amendment as he may consider fit.

(7) Where the Minister has approved any annual budget or supplementary budget as approved by him, whether with or without amendment, shall be binding on the corporation which, subject to the provisions of subsection (~) shall confine its disbursement within the items and amounts contained in the applicable estimates as approved by the Minister.

(8) The Board may-

- (a) with the sanction in writing of the Minister make, disbursement notwithstanding that the disbursement is not provided for;

- (b) from the amount of expenditure provided for in any budget in respect of any item, transfer a sum not exceeding two hundred thousand shillings to any other item contained in the budget;
- (c) adjust expenditure limits to take account of circumstances not reasonably foreseeable at the time the budget was prepared, subject to submitting a supplementary budget to the Minister within two months of the alteration of expenditure limits becoming necessary.

Accounts and  
audit

**16.**-(1) The Corporation shall cause to be kept and maintained proper books of accounts and record with respect to-

- (a) the receipt and expenditure of money by, and other financial transaction of the Secretariat and the Corporation;
- (b) the assets and liabilities of the Corporation and shall cause to be made out for every financial year a balance sheet and a statement showing details of the income and expenditure of the Corporation and all its assets and liabilities.

Acts, 1968  
No. 1

(2) Not later than six months after the close of financial year the accounts including the balance sheet of the Corporation in respect of that financial year shall be audited by the Tanzania Audit Corporation.

(3) Every audited balance sheet shall be placed before a meeting of the Board and, if adopted by the Board, shall be endorsed with the certificate that it has been adopted.

(4) As soon as the accounts have been audited and adopted by the Board, and, in any case not later than six months after the audit, the Board shall submit to the Minister a copy of the audited statements made by the Tanzania Audit Corporation.

Annual  
statements  
on accounts  
and report  
to be sub-  
mitted to the  
Minister

**17.**-(1) The Board shall within six months after the close of the financial year, cause to be prepared and submitted to the Minister a report dealing generally with its activities and operations during that year and accompanied by-

- (a) a copy of the audited accounts of the Corporation;
- (b) a copy of the Tanzania Audit Corporation report on the accounts, and
- (c) such other information as the Minister may direct.

Annual  
statement  
and report to  
be laid before  
the national  
Assembly

**18.** The Minister shall as soon as practicable, and in any case not later than twelve months after the close of a financial year, lay before the National Assembly the following documents in relation to that financial year-

- (a) a copy of the audited statement of accounts of the Corporation;
- (b) a copy of the Auditor's report; and
- (c) a copy of the report by the Board.

## PART V

## MISCELLANEOUS PROVISIONS

**19.** The members of the Board shall be entitled to such remuneration, fees or allowances for expenses as the Minister may upon the recommendation of the Board, prescribe from time to time:

Remuneration of members of the Board

Provided that no remuneration, fees or allowances, except such allowances for expenses as may be expressly authorized by the Minister, shall be paid to any member of the Board who is a public officer.

**20.**-(1) Subject to the provisions of subsection (6), the Board may, from time to time, by writing under its official seal, appoint committees of the Board and delegate, subject to such items, conditions and restrictions as it may specify, to any committee of the Board, to the Director or to any employee of the Corporation, all or any of the functions, powers, or duties conferred or imposed by or under this Act on the Board, and where any delegation is so made the delegated function, power or duty may be performed or exercised by the delegate subject to terms, conditions and restrictions specified by the Board.

Delegation of powers

(2) The delegation under subsection (1) may be made to the holder, of the office under the Corporation, specifying the office but without naming the holder, and in every case where a delegation is so made each successive holder of the office in question and any person who occupies or performs the duty of that office may, without any further authority, perform or exercise the delegated function, power or duty in accordance with the delegation made by the Board.

(3) The Board may revoke a delegation made by it under this section.

(4) No delegation made under this section shall prevent the Board from itself performing or exercising the function, power or duty delegated.

(5) A delegation made under this section may be published in the *Gazette*, and upon its being so published shall be judicially noticed and shall be presumed to be in force unless the contrary is proved.

(6) The Board shall not have power under this section to delegate-

- (a) its power of delegation; or
- (b) the power to approve the annual budget or any supplementary budget, the annual balance sheet or any statement of account.

Liabilities of members of the Board  
Cap. 16 No 7 Acts, 1974  
No 37

**21.** Without prejudice to the provisions of section 284A of the Penal Code or of the Specified Officers (Recovery of Debts) Act, 1970 or of the Parastatal Employees (Recovery of Debts) Act, 1974, no act or this done or omitted to be done, by any person who is a member of the Corporation employee or agent of the Board shall, if done or omitted *bona fide* in the execution or purported execution of his duties as the member of the Board or employee of the Corporation or its agent. Subject that person to any action, liability or demand of any kind.

Rules and Regulation making power

**22.** Subject to provisions of section 23 and conditions of the Second Schedule, the Audit and Supervision Fund established under the Co-operative Societies Act, 1968, is hereby dissolved.

saving of Rules and Regulations Acts, 1968  
No 27

**23.** Any rules or regulations made under Co-operative Societies Act, 1968, in respect of Audit and Supervision Fund and in force immediately prior to the date upon which this Act comes into operation shall remain in force as if they have been made by the Board under this Act until such time as they are amended or revoked by rules or regulations made by the Board under this Act.

Rules and Regulation making power

**24.** The Board may, with the consent of the Minister, make rules and regulations for the purposes of the better carrying out the objects and purposes of this Act.

### FIRST SCHEDULE

#### Section 5

**1.** The Board shall consist of-

- (a) the chairman who shall be appointed by the President;
- (b) one member representing the Controller and Auditor- General; and
- (c) other members to be nominated by the Minister after consultation with the Apex Organisation, from secondary societies or any other co-operative organisation.

**2.** The appointments to be made under sub-paragraph (1) shall be from amongst persons who have had experience of and have shown capacity in co-operative movements in the profession of accountancy, auditing or any of its branches.

**3.** The members shall elect one of their number to be the Vice-Chairman and any member elected as a Vice-Chairman shall, subject to his continuing to be a member, hold office for a term of one year from the date of his election, but shall be eligible for re-election.

**4.**-(1) A member of the Board shall hold office for such period as the appointing authority may specify in his appointment, or if no period is so specified, shall hold office for a term of three years from the date of his appointment, and shall be eligible for re-appointment.

(2) In the case of a member who is a member by virtue of his holding some other office, he shall cease to be a member upon his ceasing to hold that office.

(3) The appointing authority may at anytime revoke an appointment made by him under paragraph (1) and any of the member or appointed may at any time resign his-office by notice in writing to the appointing authority.

**FIRST SCHEDULE-(Contd.)**

5. If a member of the Board who is a member by the virtue of his holding some other office is unable for any reason to attend any meeting of the Board, he may nominate in writing another person from his institution to attend the meeting in his place. Absent member to be represented meetings
6. If any vacancy occurs in the membership of the Board by reason of the death, resignation or permanent incapacity of any member thereof or otherwise, the appointing authority may appoint another person to fill that vacancy, and a person so appointed shall hold office for the unexpired residue of the period of office of the member in whose place he is appointed. Casual vacancies
7. The Minister may, on the advice of the Board by Order published in the Gazette, from time to time vary the composition of the Board. Variation of composition of Board Meeting of Board
- 8.-(1) The Board shall ordinarily meet for the transaction of its business at the times and places determined by it, but shall meet at least once every four months.  
(2) The Chairman or in his absence the Vice-Chairman, may at any time call a special meeting of the Board, and shall call a special upon a written request by a majority of the members in the office.  
(3) The Chairman, or in his absence the Vice-Chairman may invite any person who is not member to participate in the deliberations at any meeting of the Board, but any person so invited shall not be entitled to vote.  
(4) The Chairman, or in his absence the Vice-Chairman, shall preside at every meeting of the Board. In the absence of both the Chairman and Vice-Chairman members present shall appoint one of their member to preside over the meeting.
- 9.-(1) The quorum at any meeting of the Board shall be one half of the total number of members of the Board and where there is an uneven number of members, shall be the whole next number above half. Quorum  
(2) Subject to the provisions of sub-paragraph (1) the Board may act, notwithstanding any vacancy in its number.
- 10.-(1) Questions proposed at the meeting of the Board shall be decided by a majority of the votes of the members present and voting and in event of an equality of votes, the person presiding shall have a second vote -in addition to his casting or deliberative vote. Decision of the Board  
(2) Notwithstanding sub-paragraph (1), a decision may be made by the Board without meeting by circulation of the relevant papers among the members, and the expression in writing of the views of the majority of members.
- 11.-(1) The Board shall cause to be recorded and kept minutes of all business conducted or transacted at its meetings, and the minutes of each meeting of the Board shall be read and confirmed or amended and confirmed, at the next meeting of the Board and signed by the person presiding at the meeting. Minutes of meetings  
(2) Any minutes signed, or purporting to have been signed, by the person presiding at meeting of the Board, shall, in the absence of proof or error, be deemed to be correct record of the meeting whose minutes they support.
12. No act or proceeding of the Board shall be invalid by reason only of any vacancy among its members or defect in the appointment of any of them. Vacancies, etc, not to invalidate proceedings
13. All orders, directions, notices or other documents made or issued on behalf of the Board shall be signed by- Orders, etc to be signed by chairman or Director  
(a) the Chairman of the Board; or  
(b) the Director or any other officer or officers of the Corporation appointed in writing in that behalf by the Director.
14. The seal of the Board shall not be fixed to any instrument except in the presence of the Director or any of the following persons-  
(a) the Chairman;  
(b) Vice -Chairman;  
(c) any other officer of the Corporation.
15. Subject to the provisions, of the Schedule the Board may regulate its own proceedings. Board may regulate its proceedings

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 SECOND SCHEDULE
 

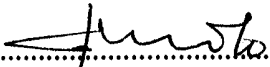
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(Section 22)

## TRANSFER OF PROPERTY AND TRANSITIONAL PROVISIONS

1. The provisions of this Schedule shall have effect notwithstanding the dissolution of the Audit and Supervision Fund.
2. Any land vested in the Audit and Supervision Fund under any provisions of any written law shall be transferred to, and without further assurance, vest the same interest in the Corporation.
3. Subject to the provisions of paragraph 2, all assets and liabilities which immediately prior to the coming into operation of this Act were vested in or incurred by the Audit and Supervision Fund shall pass by succession to the Corporation, and the Corporation shall have all powers necessary to take possessions of, recover and deal with such assets and discharge such liabilities.
4. Upon the coming into operation of this Act the Audit and Supervision Fund shall deliver to the Corporation, or as the Board may order, all movable property vested in the Audit and Supervision Fund immediately prior thereto, and all books, papers, documents, minutes, receipts and ledgers appertaining to the Fund and to its operations.
5. Subject to the provisions of paragraph 6, every agreement, whether in writing or not, to which the Audit and Supervision Fund was a party immediately prior to the coming into operation of this Act, and whether or not the agreement was of such nature that the rights and liabilities thereunder could be assigned, shall have effect as from the coming into operation of this Act as if—
  - (a) the Corporation had been a party to such agreement; and
  - (b) for any reference (however worded and whether express or implied) to the Audit and Supervision Fund there were substituted in respect of anything to be done or effect the coming into operation of this Act a reference to the Corporation.
6. The Appointment of any officer or servant of Audit and Supervision Fund, other than the appointment of the Co-operative Chief Accountant, subsisting immediately before the coming into operation of this Act shall, if such officer or servant so agrees, be deemed to be made by the Board under the provisions of this Act, and for the purpose of determining the rights of pension or gratuity on retirement, the service of such officer or servant shall be regarded as continuous from the time he was appointed by the Audit and Supervision Fund.
7. Any proceeding pending on the coming into operation of this Act to which the Audit and Supervision Fund was a party shall be continued as if the Corporation was a party thereto in lieu of the Audit and Supervision Fund.
8. Where anything has been commenced by or under the authority of the Audit and Supervision Fund prior to the coming into operation of this Act and such thing is within the powers of the Board or was done in relation to any of the matters transferred by the Schedule to the Board, such a thing may be carried on and completed by, or under the authority of the Board.

Passed in the National Assembly on the twenty-seventh day of April, 1982.

  
 .....  
 Clerk of the National Assembly