

## **COURSE GUIDE**

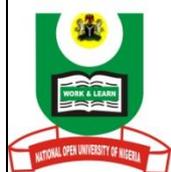
### **CRD 322 COOPERATIVE FIELD ADMINISTRATION**

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## INTRODUCTION

**CRD 322:** Cooperative field administration is a course aimed at teaching and exposing the students the application of cooperative legislation, laws and procedure in administration and management of cooperative businesses in Nigeria. The course is to acquaint learners with the pattern of procedure and practices of cooperative society to the present day and provide analytical expression and tools. Presently cooperative is a form of business organization. Finally cooperative managers needs to understand the concept, policy of cooperative in take decisions bothering on running cooperative business management successfully.

## COURSE AIMS

The overall aim of the course can be summarized as introducing students to the with the ways and manner the directors of cooperatives applies his powers as the chief technical adviser and is subordinate to government on cooperative matters as well as the chief executive officer of the cooperative movement and provide analytical expression and tools spells out on how instructions can be executed to achieve the required results of getting viable cooperative business.

## COURSE OBJECTIVES

To achieve the broad aims set out about, the course objective below each of the separate units of the course also has its objectives at the beginning of the unit to help you focus better.

Once you have successfully completed the course, it is expected that you focus better.

### Structure of the Course

This is a two-credit unit course made up of sixteen study units covering the following.

The specific study units are as follows:

### MODULE 1

- |        |  |
|--------|--|
| Unit 1 | The Meaning of Cooperative Field Work                                      |
| Unit 2 | Activities of Cooperative Assistant after the Inaugural Meeting of Members |

- Unit 3 Inspection Duty of a Cooperative Assistant
- Unit 4 The Books that are Involved in the Inspection Exercise
- Unit 5 Inspection of a Cooperative Thrift and Credit Society

## **MODULE 2**

- Unit 1 The Vigour with which Cooperative Assistant Executes Inspection Duty in the Past
- Unit 2 The Role Inspection Plays in the Growth of Cooperatives in Nigeria
- Unit 3 Media of Propagating Co-Operative Education in Nigeria
- Unit 4 Advisory Duty of the Cooperative Manager (Assistant)

## **MODULE 3**

- Unit 1 Audit Duties and Auditing of Cooperative Societies
- Unit 2 Problems Facing Cooperative Audit Organisation
- Unit 3 Arbitration
- Unit 4 Liquidation and Dissolution

## **MODULE 4**

- Unit 1 Preparation of Report
- Unit 2 Supervision and Control of Cooperatives
- Unit 3 Computer Applications to Cooperative Fieldwork Administration
- Unit 4 Organizing, Administration, History and Prospect of Cooperative Fieldwork

## **ASSESSMENT**

There will be two aspects to the assessment of the course:

1. Continuous assessment-tutor marked assessments.
2. Written examination of three (3) hours duration.

## **TUTOR MARKED ASSESSMENT**

In attempting the assignments, you are expected to utilize the information gathered during the course. Each assignment, which you will find at the end of each unit should be submitted to your assigned tutor at a date to be decided by the National Open Nigeria Authority, on a separate file. The assignment will count for 50% of the total course mark.

## **FINAL EXAMINATION AND GRADING**

The final examination for the course will be of two hours duration and account for 50% of the total course grade. Typically all areas of the course will be assessed during the examination.

## **SUMMARY**

Cooperative managers of any societies need to be provided information and understand the concepts and lay down regulations of cooperative learn from laws, administration, management account and auditing applicable to cooperatives association and organization the contributing factors to their failure and success. Thus CRD 322 Cooperatives field administration is designed in such a way to make learners in providing relevant information and knowledge that will help them in cooperative business and management.

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## **MODULE 1**

Unit 1	The Meaning of Cooperative Administration and Field Work
Unit 2	Activities of Cooperative Assistant after the Inaugural Meeting of Members
Unit 3	Inspection Duty of a Cooperative Assistant
Unit 4	Books and the Inspection Exercise
Unit 5	Inspection of a Cooperative Thrift and Credit Society

### **UNIT 1 THE MEANING OF COOPERATIVE ADMINISTRATION AND FIELD WORK**

#### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Contents
3.1	The Meaning of Cooperative Field Work
3.2	Nature and Extent of Co-Operative Assistant's Job
3.3	Promotional Duty of the Cooperative Managers
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
7.0	Reference/Further Reading

#### **1.0 INTRODUCTION**

The field work of the Cooperative manager at various levels and all other relevant officers in the execution of Cooperative fieldwork is very wide. The field includes all Cooperative Organisations at Primary, Secondary and Tertiary levels from Local Government Area, to state and all over the country in General. As far as an Area Officer is concerned for an example, the field is all Cooperative Organisations and their investments, property, assets in that Local Government area. It may also include the property of Cooperative organizations in the Local Government Area but for one reason or the other away from the Local Government Area. It is the duty of the Cooperative Assistant to visit such a place wherever it is and this is still regarded as fieldwork.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- Understand cooperative administration and field work, nature and extent of cooperative assistant job
- Have knowledge of promotional duty of the cooperative managers.

## **3.0 MAIN CONTENT**

### **3.1 The Meaning of Cooperative administration and Field Work**

Cooperative field administration is aimed at exposing individuals who have interest in cooperative study the application of cooperative policy, procedures, and laws for coordinating and settlement of compasses in the administration and management of cooperative businesses. Cooperative Fieldwork is any job or task which is in the interest of Cooperative members which Cooperative personnel carries out either or not in compliance with the guidance and direction of his/her superior officer. These jobs or tasks are many and varied. The cooperative legislation is like an instruction manual while the field administrations illustrate how these instructions can be executed to achieve the required results of getting viable cooperative businesses that will enhance the socio-economic prospects of the stakeholders and shareholders. The Cooperative Officer therefore needs skills and techniques to accomplish them. The Area Officer allocates societies to the Cooperative managers under him. It is the duty of the Cooperative managers (Assistant) to visit and inspect the societies allocated to them regularly. However, before the visits and inspection, It is very important that there is needs to prepare and itinerary or schedule of tours on the Societies allocated to them and submit same to their Area Officers before the commencement of the tours.

The scope of cooperative fieldwork gives a detail of cooperative organization that may touched by supervision under the Director of cooperative services comprises of the Chief Executive, Lecturer of cooperative Institutions, Consultant (Expatriate), Extension managers in Agricultural Development Project from Ministry of Agriculture and cooperative , Managers of Agriculture And Rural Management Training Institutes and Students of cooperative Institution on Fieldwork. SIWES, Industrial Training. This is an example of an itinerary prepared by a Cooperative manager (Assistant) and submitted to his Area officer for one month.

Ministry of Agric & Coop  
Orlu Local Govt Area  
Orlu,

27th April, 2007

The Area Officer  
Ministry of Agriculture and Cooperatives  
Cooperatives Area Office  
Orlu.

Sir,

### **PROPOSED ITINERARY FOR THE MONTH OF JANUARY, 2007**

<b>Date</b>	<b>Destination</b>	<b>Purpose</b>
2nd January 2007	Office	Writing of Itinerary
5th–11th Jan, 2007	Anglo C.T.C.S Ltd	Preparation/Checking of Annual Account
12th – 5th Jan. 2007	M.S.C Ltd	Writing of Inspection Report
20th –21st Jan. 2007	Creek Town	Reading of old C.T.C.S Ltd Liquidated cases
22nd Jan. 2007	Office	Correction and submission of Report
23rd – 26th Jan 2007	Ana C.P.M.S Ltd	Checking of Annual Accounts
27th – 30th Jan. 2007	Ewe C.P.M.U Ltd	Inspection.

**Source:** Owojuyigba 2007 pg 63-64.

### **3.2 Nature and Extent of Co-Operative Assistant's Job**

The Cooperative Assistant is assigned a lot of duties in the field. This duty includes:

- Promotional Duties – (Promoter of Cooperative Societies)
- Inspectional Duties – (Inspector of Cooperative Societies)
- Educational Duties – (Educator of Cooperative Societies)
- Advisory Duties – (Adviser of Cooperative Societies)
- Audit Duties – (Auditor of Cooperative Societies)
- Arbitration – (Arbitrator of Cooperative Societies)
- Inquiry – (Inquiry of Cooperative Societies)
- Liquidation – (Liquidator of Cooperative Societies)
- Special Duties – (Executor of Special Duties)

Since we have mentioned these duties earlier above is to explain in detail how the Cooperative managers (Assistant) carries out these duties.

### **3.3 Promotional Duty of the Cooperative Managers (ASSISTANT)**

It is one of the duties of the Cooperative Assistant to promote the formation of new Cooperative Societies. All that is involved in the

promotion of new Cooperative Societies are to be considered in the promotional duty.

Officially, the Cooperative Assistant is to perform this duty in the Local Government area assigned to him. This is not to say that the Cooperative Societies in order towns and villages in other Local Government Areas but his activities are limited His duty is also to promote the growth of the existing Cooperative societies.

### **Use of Propaganda machinery**

In this connection, the Cooperative Assistant will use some propaganda machinery which will enable him achieve success in his duty. In the 1950's and 1960's , the Cooperative Assistant normally addressed residents of a village or town in public places like the market where they would be informed on what a Cooperative Society is, how the Organisation would be formed and the benefits those who form Cooperative Societies will derive from the formation.

Today, other methods are being used. Some of these are the use of individual contacts. Buy this way, the Cooperative Assistant talks to individuals about cooperative societies and encourage him/her to associate him/herself with one. The advantages of Cooperative Societies can also be expressed in a meeting. The meeting can be used , group meeting , club meeting family meeting, etc. where members will be encouraged to form a Cooperative Society.

### **Discussion in another propaganda machinery**

This can take place between two or more people. The unenlightened partner can be informed on what Cooperative society is. This can also be done when a study group is formed. Other method of carrying out the propaganda is to distribute leaflets to people wherein information on cooperation is given. Information can also go to the people through newspapers, Journals, film shows, radio, and others.

Finding out the Economic felt Needs of the Members After passing general information to the people, the Cooperative Assistant should now find a specific group that has interest in forming a Cooperative society. With this group, he should find out what their economic needs are. That is to find out what the people actually need, what their problems are and to study the type of society they can form to solve their problem. It should be noted that all the members must have at least one common problem which they jointly want to solve. For an example, if all the members have the problem of finance, which they need to solve to promote their individual enterprise, the suitable society to form,

is a Cooperative Thrift and Credit society. While encouraging the intending members to form a society, the cooperative assistant should not misinform them in order to make them rush to form the society. Such mis-information include asking them to form a Society so that they can be getting regular supply of cheap or free fertilizer from the Government to get grant from the government and so on.

Experience shows that when such a society is formed and the members cannot get what they are promised at a particular time or what they have been promised stopped coming, they will lose interest in the society and will leave the society.

### **Ensuring that properly conducted feasibility study takes place**

The Cooperative Assistant must also ensure that a properly conducted feasibility study proves that the new cooperative society to be formed has a good chance of success whenever it is formed. It is after all these had been taken care of that the society can be formed.

In some cases, some members of the public form their society by working on the information they collect from friends, or some members of existing societies. If this is the case, the members of the society will now send a delegate to visit the Area Office to inform them about the formation of a new Cooperative society. It is then the duty of the Area Officer to open a new file for them, collect some information about the society and ask for the date when their inaugural meeting will hold, which the area Officer will attend personally or send a Cooperative Assistant or go in the Company of a Cooperative assistant to the meeting.

### **Attending the inaugural meeting of the society**

In the case mentioned above, the Cooperative Assistant will attend their inaugural meeting.

This is to ensure that the society starts in a proper way. During the meeting, he/she will explain and discuss clearly the following matters among others to the members.

- He will explain what the society is, what it can achieve, how the society is to be run and managed and the relationship between the members and society.
- The members will be educated on their rights and duties. Such rights are the rights to enjoy the services to be provided by the society, the right to attend meetings and others will be explained. Duties of members like paying the necessary dues to

the society: patronizing the society will be brought to the knowledge of members.

- The duties and responsibilities of the Society's Committee will not be left out. These will include running the business of the society on behalf of the members and other duties as explained earlier and the duties of the committee members.
- The election of the society's officers and other Committee members is another area to discuss. He would explain how election is normally carried out in a Cooperative society. What a democratic organization is, the procedure of choosing the society's officers and other Committee members. He would also explain the duties of each of these officers to the members.
- He would explain to them how to fix the entrance fees, share capital and savings payable to members. This is the task for the general members and they have to ensure the financial ability of the members is taken into consideration when fixing these fees.
- He should explain to them what the Cooperative law, principles Cooperative and the bye-laws of the society are which should be used to manage the society they have formed.

#### **4.0 CONCLUSION**

This unit has been able to expose you to what cooperative field work is all about, the nature and extent of cooperative assistant job. The various promotional duties of the cooperative managers (assistant)

#### **5.0 SUMMARY**

Cooperative Fieldwork is any job or task which is in the interest of Cooperative members which Cooperative personnel carries out in Compliance with the guidance and direction of his/her superior officer of cooperative society.

#### **6.0 TUTOR MARKED ASSIGNMENT**

Explain cooperative field administration and cooperative field work, nature and extent of cooperative assistant job

#### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 2     ACTIVITIES OF COOPERATIVE ASSISTANT AFTER THE INAUGURAL MEETING OF MEMBERS**

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- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 The Activities of Cooperative Field Managers are as Follows
  - 3.2 Teaching the Officers their Duties
  - 3.3 Giving the Members Adequate Cooperative Education
    - 3.3.1 Submission of Reports from Time to Time
    - 3.3.2 Members are Usually Eager for Registration
  - 3.4 Registration of Cooperative Societies
  - 3.5 Document Necessary for Registration
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  - 3.6 Evidence of Registration
    - 3.6.1 Advantages of Registration
    - 3.6.2 Disadvantages of societies that are not Registered
    - 3.6.3 Common problem associated with Registration of Cooperative
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Readings

### **1.0 INTRODUCTION**

This unit introduces you to what happen after the inaugural meeting, the promotional activity of the Cooperative assistant continues. This includes teaching the society's officers their duties as stated in the stated in the society's bye-laws.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- understand the activities of cooperative field managers, registration of cooperative societies and document necessary for registration
- have knowledge of Evidence of Registration.

### **3.0 MAIN CONTENT**

#### **3.1 The Activities of Cooperative Field Managers are as Follows**

#### **3.2 Teaching the Officers their Duties**

The secretary should be taught his duties. This is more pronounced where a qualified secretary has not been employed. He should teach him how to write minutes of meetings, how to post transactions of the society into the appropriate books of accounts and records, how to prepare the final accounts of the society etc. He must also teach the President and the Treasurer how to perform their duties. He must explain the penalties they will face if they do not carry out their duties as laid down in the by-laws. It should be noted that the Secretary is the pivot on which the society rotates, and that the Secretary must be up and doing, efficient and hardworking. An indolent Secretary is a curse and doom to the secretary.

#### **3.3 Giving the Members Adequate Cooperative Education**

The cooperative Assistant should endeavour to attend the meetings of the society regularly. He can pass a lot of information to the members when they are holding General meeting. Apart from this, he can organize seminars and workshops for the members. It is usually during meetings or training sessions that the members can receive Cooperative Education.

He can use this opportunity to discuss their problems with them, answers their questions, guide them alright by using the Cooperative laws. Principles of cooperation and the society's byelaws as guide. He should also teach the members how to be good business men/women using business principles and methods.

##### **3.3.1 Submission of Reports from Time to Time**

The cooperative Assistant must write reports on the Cooperative Society from time to time and submit these reports to the area officer. The practice will enable the Area Officer to have current information on the society and know how to advise the members of the society on their daily undertakings. Whenever the cooperative assistant attends the Society's meetings, he must write 'B' report which is a report on meetings. He must also write 'A' report or inspection and checking report on the society from time to time which exposes facts about the business, the administration and the finances of the society. Progress report must also be written and submitted to the Area

Officer from time to time. Whenever the Cooperative Assistant visits the society, he must write progress report on the situation of things in the society as at the time of visit.

Economic Survey report is another report that must be written on the society. This report is essential for the registration of the society. The report takes into consideration economic factors available to the society, which can enable the Director of Cooperatives, decides whether to register the society or not. He may register the society if after considering the economy factors available to the society, he is satisfied that the society is a promising one and that it will meet the needs of members compete with other business enterprises successfully and will not die a premature death.

Even after the society might have been registered, the Cooperative Assistant must 'A' and 'B' report on the Society and submit to the Area Officers regularly.

### **3.3.2 Members are Usually Eager for Registration**

Members of Cooperative are usually eager to get their Society registered. This they usually show by ensuring they must regularly and that a good number of the members attend. They buy all the books they require for the running of the Cooperative Business, ensure they have a competent secretary who will be able to handle the society efficiently, record all their books and records properly, work without much supervision, and respect the wishes of the members.

They should be able to choose competent members as their officers. Their financial contributions should be made regularly and the society must be financially alright. At the end of the financial year, they must be financially alright. At the end of the financial year, they must be making surplus or have the potential of making surplus. Their assets and property should be well maintained, their members should be patriotic etc. There must be regular Cooperative Education for Officers, Committee and other members. When all these are taking place in the Society, then the Cooperative Assistant will be happy to recommend the society for registration.

The recommendation for registration normally goes to the Area Officers along with necessary documents including the application for registration form duly completed by members. The area officer will go through the application endorse and recommends further to the Zonal Officer. The Zonal officer will then send this application, to the Director of Cooperatives who may register the society.

### **3.4 Registration of Cooperative Societies**

While very few Societies shy away from registration because they believe by registration, they would be affected by the bureaucracy of the government Cooperative Department and control majority of proposed societies want registration as early as possible.

In primary Cooperative Societies, at least ten individuals are needed to enable the society apply for registration. For a secondary (Union) at least two registered, primary societies out of five are needed to apply for registration. The Director of Cooperative in a state is empowered to register all Cooperative societies at primary, secondary and Apex levels in the state.

However, Cooperative Societies that are national in nature for an example the Cooperative Federation of Nigeria (CFN) or National Association of Cooperative Credit Union of Nigeria (NACCUN), irrespective of their location shall be registered by the Federal Cooperative societies, an individual must be at least 18 years of old before he can be a member of a society.

### **3.5 Document Necessary for Registration**

An application for registration form will be completed by at least ten founding members. The information to be filled in includes the name of the society, its address. Area of Operation, Objects of the society, Number of Shares and value, qualification for membership. Brief description of the proposed working of the society and names of President, Treasurer and Secretary. Spaces are provided for the signature of the President, Secretary and Treasurer. Lastly, a column where the names; signature/Thumb-print, occupation and residence of at least ten members of the society will be filled in is provided.

- Another important document is the economic survey report of the society. This report will be accompanied by an 'A' report of the society with a recent Trial balance or the society's Balance Sheets showing the Society's financial position
- The society's bye-law will also accompany the application
- The Cooperative Assistant will assist the members of the society in preparing a seal, choosing a suitable emblem for the society. This seal does not accompany the documents mentioned above to the Director of Cooperatives.

### 3.5.1 Documents needed by Director of Cooperative

The numbers of copies of these documents to be sent to the Director of Cooperative vary from State to State. “The application shall be accompanied by such number of copies of the proposed bye-laws of the society as prescribed by the Director and the person by whom or on whose behalf the application is made shall furnish such information relating to the society as the Director may require:

In certain cases, the following copies of such documents are prepared.

- 4 Copies of economic survey report on the Society
- 4 Copies of ‘A’ Report
- 4 Copies of Application for registration form
- 4 Copies of the bye-laws duly completed

In another development, the following are required:

- 5 Copies of Economic survey report
- 5 Copies of the bye-laws duly completed
- 5 Copies of application for registration form.

The Director of Cooperative must study all these documents properly. He should make sure that the information given on the applications form is correct.

The bye-laws should be read through to ensure it does not conflict with the model bye-laws. He should study carefully the economic survey of the society and if he is convinced that the society shows prospect of success, he shall then register this society. When the Director registers the Society, he will write the name of the society in the register of Societies and issue a certificate signed and sealed by him. Apart from this, the word” Cooperative” shall form part of the name of the registered society: the word limited shall be the last word in the name of the registered society.

Also the word ‘Bank’ or Banking’ shall not form part of the name of the Society registered except in the case of central.

The Nigerian Cooperative Societies Decree 1993. No 90 Section 4 Subsection 3, page 1066. Financing society or cooperative financing agency.

When a society is registered by the director of Cooperatives, he Societies Decree 1993 No 90 Section 4. Subsection 3, page 1006. Financing society or cooperative financing agency.

When a society is registered by the director of Cooperatives, he sends the Certificate to the members of the society. The will be through the Zonal Officer, the Area Officer and the Cooperative Assistant in charge of the Society who will give the Certificate to the society.

After this, a suitable day will be fixed by members for the official presentation of Certificate of registration by the Director of Cooperatives or whoever he appoints to do the job. Also, this day is a day of merry making to members and invited guests when food and drinks will be available to celebrate the acquisition of Certificate of registration by the society.

### **3.6 Evidence of Registration**

The Certificate signed and sealed by the Director of Cooperatives is a prima facie evidence (conclusive evidence) that a society is duly registered.

#### **3.6.1 Advantages of Registration**

It may be correct to say that members of a cooperative society make a lot of efforts to ensure that their society is registered because of the advantages registered societies enjoy. These are some of the advantages:-

##### **1. It Becomes a Body Corporate**

The registration of a society renders it a Body Corporate by the name under which it is registered with perpetual succession and a common seal.

By registration, the society becomes protected by the law, makes it an organization that would exist for a relative long time. It also empowers the organization to acquire any property it likes within the law, it can enter into any contract. It can sue the business partners, can be sued by the business partners and engage in all things that are legal that can make the society realize its set objectives.

##### **2. Tax privilege and Stamp duties**

Apart from the above-mentioned advantages. Cooperative Societies are exempted from paying taxes on their surplus. In the past, they do not pay stamp duties at all but today some states ask the Cooperative Societies to pay stamp duties.

### **3. Free inspections**

Cooperative Societies also enjoy the advantage of Free Inspection of their books and records. Cooperative Assistant visits. Cooperative Societies and checks their books and records. These services are given to societies free of charge. However, in the past years, whenever Cooperative Assistants inspect the societies, some societies greet this kind gesture with a token amount of money or gift to encourage them to claim for their tours from the government.

### **4. Financial privileges**

By registration, many Cooperative Societies enjoy financial privileges from the Government in the past. These days because of the economic situation in the country, this practice had stopped. Cooperative societies now and in the future will have to depend on contributions that can be made by members of acquisition of capital in form of loan from financial institutions.

### **5. Free training programmes**

Members of registered Cooperative Societies enjoyed free training programmes from the Government or its agencies. They are usually given handouts and writing materials free during such training.

### **6. Legal protection**

The law protects the Cooperative Society from any member who wants to ruin the Organisation. It also protects the Society from the negative effect of who wants to defraud the organization. The legal protection provides the basis for legalizing the society's activities.

### **7. Limited liability**

The liability of members is by registration limited. By this, the liability of the members is limited to the capital contributed into the society. New shares holders are encouraged by this limited liability to take up membership in the society since the risk are limited and reduced.

## **3.6.2 Disadvantages of societies that are not Registered**

### **1. No legal protection**

A society that is not registered is not a corporate body and not protected by the law, it cannot sue and cannot be sued by its name.

## **2. It has not got a perpetual succession and a common seal**

An unregistered society can acquire property but the acquisition is not protected by law. Members dealing with this type of society are doing so at their own risk. In case of any problem, the liability of the members is unlimited. This means that the members guaranty all their possessions to pay the Society's debt, the limit to the member risk is unknown.

## **3. Business partners will not be willing to do business with them**

The third party or business partners will not be willing to do business with a society that is not registered. They will have the feeling that they are putting their business in a great risk by engaging with unregistered society. Some say an unregistered Cooperative Society is as good as a society not in existence.

However, members of some Cooperative societies do not want their society registered because they complained of the exploitative attitude of Cooperative Officials towards their organization. By this they mean Cooperative officials demand huge sum of money from them to ensure their society is registered. They also complained that Cooperative Officials demand various things from them when they visit their societies. Other limitations include the bureaucracy with the Government and control exercised by Government officials on Cooperatives. Some societies are formed by ex-civil servants, ex-soldiers and enlightened members of the public. The members prove that they know how to keep their books and records well themselves, they understand the Cooperative law. Principles of Cooperation and by the laws of the society very well. In view of this, they feel they do not need the assistance of the Cooperative Assistants. Apart from the reasons given above, they see the activities of the Cooperative assistants to mean interference in a business that solely belongs to them. Other reasons are that the Cooperative Assistants and other Cooperative Officials want to control them and that they ask for gratifications from them when they visit their societies.

### **3.6.3 Common problem associated with Registration of Cooperative**

When a society is registered, it is not that there is no problem at all and that everything is alright. There are some problems that might arise as a result of registration. Some of the problems are:-

#### **1. Bureaucracy**

By registration, certain decisions of a Cooperative society cannot be

taken except with the approval of the Director of Cooperative. When Cooperatives apply to the office of the director for approval, it takes a long time to get such approval, as the decision will be affected by bureaucracy that normally takes place in Government offices.

This will affect the proper running of A Cooperative Society which is believed to be a business organization and must at times take decisions fact.

## **2. Relaxation of efficiency**

It was earlier stated that when a cooperative society wants registration, all members will not put their best in attending meetings, payment of necessary dues, ensuring good administration of the society, employ and control the Secretary of the Society. As soon as the society is registered and they have formally received their certificate of registration, the members relax.

## **3. Less freedom of decision**

When a society is registered, it comes under the direct control of Government officials. The Cooperative Assistant visits the society regularly and attends their meetings. The Area Officer will also be visiting such society often. By doing this, they will influence their decision making process and will not give the members and committee members from hand to run their society.

## **4. Tie to the government**

The tie to the government increases with registration. The society becomes affiliated to the government systems, it becomes a Government baby and it is used as an instrument by the Government to achieve some of its political aims and objectives.

## **5. Conflicts with customs and tradition**

When a society is registered, the bye-laws of the society become registered. By this it becomes the rules and regulations to be observed by the members of the Society. Going through these bye-laws, one would observe that certain area in the bye-laws conflict with tradition and conflict with tradition and customs of the people. We should remember that the Cooperative law from which the model byelaws are prepared is a document that is imported into the country from India. This law had been copied for use as Nigerian Cooperative law without adapting it to the Customs and tradition of the Nigeria people. We would observe that even the new Cooperative Societies Decree 1933 is a document that is copied from the previous one.

#### **4.0 CONCLUSION**

We have discovered from this unit that the activities of cooperative field managers, Registration of Cooperative Societies and document Necessary for Registration. Thereof evidence of Registration are very important.

#### **5.0 SUMMARY**

This unit stresses the point advantages of Registration, disadvantages of societies that are not Registered and Disadvantages of Registration.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Discuss the activities of cooperative field managers?
2. Highlights document Necessary for Registration?
3. Why Registration is important?

#### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 3 INSPECTION DUTY OF A COOPERATIVE ASSISTANT**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Responsibilities and Aims of Inspection
  - 3.2 Steps for Group Inspection
  - 3.3 Checking their Books and Records
  - 3.4 Suggests Improvement
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Readings

### **1.0 INTRODUCTION**

The job of Cooperative Assistant does not end when a society is registered. He has to continue inspecting the society regularly until the time when the members have got to a stage when they can run the society with little or no supervision. It is even the ultimate aim of the government to assist a Cooperative society to a stage when the members would have been fully capable to run their society themselves, whereby the activities of the Government official would be limited to giving pieces of advice only. In Societies where there are a lot of management problems, where the members are illiterates, inspection could be intensified.

### **2.0 OBJECTIVES**

At the end of the unit, you should be able to:

- understand the responsibilities and aims of inspection assess the steps involved in inspection
- **do an efficient inspection with the knowledge in the book keeping and operation of the**

### **3.0 MAIN CONTENT**

#### **3.1 Responsibilities and Aims of Inspection**

Inspection of Cooperative Societies is one of the important statutory duties of the Director of Cooperative. He may not be able to carry

out this duty in some Cooperative societies, so he can delegate this power to any member of his staff. The aim of inspection is to guide and direct the activities of the society towards the attainment of its stated objectives. During this process, Cooperative law, Cooperative principles and practice and the bye-laws of the society should be complied with activities of the group should be assessed in line with the bylaws.

### **1. Nature of inspection of cooperative societies**

Usually the officer in an Area Office inspects societies in his Local Government Area. The Director of Cooperatives in a state has the legal power to inspect any Society in the State at any time. The Cooperative Assistant in an area office are usually allocated societies which they usually inspect.

### **2. Preparation before inspection**

The Cooperative Assistant attached to a particular Cooperative Society should be well informed of the activities of the society he is to inspect by going through the file of the society in the Area Office on the following facts:

- a. The date when the society was established
- b. What are the stated objectives of the society?
- c. When was the society registered?
- d. How many members are in the society?
- e. What is the paid up Shares of the society?
- f. The latest audit reports the organization.
- g. The problems of the society as conveyed in the latest inspection/audit report and some of the solutions to the problems.
- h. Whether the society is in debit or credit balance with the secondary or Apex organization to which it is affiliated.

### **3.2 Notice to the Society to be Inspected**

The Cooperative Assistant attends both the General and Committee meetings during which he would advise and guide the members on how to run the business effectively. He would teach them the bye-laws of the society, some knowledge of accounting and some business principles. He will also deliver messages from the Area Officer or the director of Cooperatives to the members of the society. Also during such meetings, members are free to ask questions.

### **3.3 Books and Records**

The Cooperative Assistant will inspect all the books and records of the

society. To do this job, he will ask for all the books and record of the society from the secretary and will do the checking. At the end, he would write a report on the exercise to his area Officer which would eventually go to the Director of Cooperatives.

### **1. Writing of reports**

Inspection also includes the writing of reports on the society. Such reports progress report, and economic survey report.

### **2. Regular visits**

Inspection exercise includes paying regular visits to societies allotted to the Cooperative Assistant. It may involve inspecting the member's farms building under construction, completed building, equipment, projects machinery, vehicles etc. owned by the society.

## **3.4 Suggests Improvement**

### **1. Looking into the Business methods**

The Cooperative Assistant looks into the business methods of the society and ensures the members follow good business principles and methods and due process. He should also ensure they engage in profitable ventures and that they invest their money in the right way. He should ensure that the members comply with the Cooperative law, principles of cooperation and the bye-laws of the society by following due process in procurement.

Regular inspection of the Cooperative society allows defects in running the society, in keeping the society's fund, in loan disbursement, in recovery of loan etc. To be discovered before the situation becomes irreversible. This will allow such defects to be rectified immediately.

## **4.0 CONCLUSION**

This unit has presented the responsibilities and Aims of Inspection and notice to the Society to be inspected. The knowledge on checking their Books and Records also suggests improvement.

## **5.0 SUMMARY**

It is also part of the inspection exercise to visit societies, know their problems and suggest improvements to enable the society develop further socio-economic activities that will improve the

members standard of living.

## 6.0 TUTOR MARKED ASSIGNMENT

Discuss the responsibilities and Aims of Inspection to the cooperative Society to be inspected.

## 7.0 REFERENCES/FURTHER READINGS

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## **UNIT 4 BOOKS AND THE INSPECTION EXERCISE**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 The Minute Book
  - 3.2 The Monthly Analysis Books (MAB)
  - 3.3 Membership and Attendance Register (MAR)
  - 3.4 Building and Equipment Register
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Reading

### **1.0 INTRODUCTION**

The Cooperative Assistant should encourage the Cooperative Society to purchase and maintain all the necessary books and records that are needed to record the transaction of the Cooperative Society. He should be very meticulous in the details of the books.

### **2.0 OBJECTIVES**

At the end of the study, you will be able to:

- understand the minute book and the monthly analysis books (mab)
- explain the Membership and Attendance Register (MAR) and building and equipment register

### **3.0 MAIN CONTENT**

#### **3.1 The Minute Book**

This book is to record the proceedings of the society's meetings. Since there are two types of meetings, there are also two-minute books. One is for the General meeting and the other is for committee Meetings. Whenever the Cooperative Assistant is inspecting the minute books, he should study how regular the two meetings are, how carefully the proceedings are recorded into the appropriate minute books. He should also examine how the decisions are reached whether unanimously or by majority vote. He should know whether all the business of the Committee is discussed during the Committee meetings and if the Committee members follow the decisions of the

General Meetings.

### **3.2 The Monthly Analysis Books (MAB)**

This is the book into which the monthly member's transactions are recorded. There are columns in the book for fees, fines, shares, saving, sales of forms, loan issued/repayment, and on interest. It is from MAB we post transactions into the personal ledger of members. The corresponding entries of the Monthly Analysis Bok are available in the cash receipts and the cash book. The Cooperative Assistant should ensure all items are well recorded.

#### ***The general ledger***

This book is usually referred to as the principal or main book of account where in all entries of other subsidiary books are recorded. For example transactions on the debit side of the cash book are recorded on the credit side of the general ledger while that of the Credit side of the Cash book will be posted to the debit side of the general ledger.

#### ***Cash book***

All cash transactions are recorded into the cash book. The cash receipt book and the payment vouchers are books of original entry for the cash book. Transactions recorded into the receipts are posted to the debit side of the Cash book while that of the payment voucher are posted to the credit side of the cash Book.

### **3.3 Membership and Attendance Register (MAR)**

This is a book which records the number of members in the society. It also records how regular a member is at meetings. It has column for serial No. member's name, member's address. Signature, date of enrolment, reference to minutes, reference to Nominees, signature of Secretary, date of termination of membership etc.

#### ***Loan register***

This is a book that records the name of loan beneficiaries. It has columns for name of borrower, amount applied for, amount granted, date of approval, period of loan, date of refund and remarks. Loan transaction is very important in a thrift and credit society. The cooperative Assistant should ensure that loan beneficiaries are as decided in the credit committee meetings and recorded in the minute book.

***Loan bond***

Whenever a member takes a loan from the society, he should sign a loan bond. This document is the loan agreement between the society and the borrower and serves as a legal document to be used by the society if there is any problem on the Loan in future. Whenever a loan bond is signed, the Cooperative Assistant should make sure the loan bond is properly completed, that sureties are qualified to sign and that they are members of the society.

***Payment voucher***

The payment Voucher is used to record monies paid by the Society. Payment voucher should be signed by the President and the Society. Entries in the Payment voucher are posted to the Credit side of the Cash Book. The Cooperative Assistant should ensure the entries are well done.

***Receipt book***

All monies received into the society are recorded into the receipt book. It should be ensured that all monies paid into the society are receipted. Entries in the receipt book are usually posted to the debit side of the Cash Book.

**3.4 Building and Equipment Register**

This is a book which the records the list of assets owned by society buildings movable and immovable property etc.

***Nominee forms***

The Cooperative Assistant should ensure each member has a nominee and that the name of the Nominee is written and submitted to the secretary and kept sealed in an envelope to enable him inherit the asset or liability of the member in case or death permanent disability.

***Member' passbook***

Each member should have at least one passbook with the society. However, it is more appropriate if every member has two passbooks at a time. At any moment, one will be with the member and the other will be with the secretariat. This is updated regularly. This system will give regular update information on the member's transactions with the society on regular. Apart from this, the Cooperative assistant will be able to inspect one of the passbooks when the need arises.

### ***The society's buy-laws***

The registered buy laws of the society should be kept in the Society's office so that members can read it from time to time. Copies of such buy-laws could be made available to the members so that they can read and understand. Copies translated to the local language may also be distributed to members.

### ***The society's files***

The Cooperative Assistant should inspect the Society's files to ensure that all letters received are properly filed and promptly attended to. Copies of all letters sent out should also be in the file.

### ***The journal***

This is usually referred to as book of original entry. From this book entries are made into other books and records. It states which accounts will be credited and which ones will be debited. Also, this book is used for adjustments, correction of errors, transfers etc. The Cooperative Assistant should ensure the book is well kept.

## **4.0 CONCLUSION**

This unit focuses on the minute book and the monthly analysis books (MAB) and presents membership and attendance register (MAR) also building and equipment register. The Cooperative Assistant should ensure there is no cross-surety ship. He should ensure too that loan bond is cancelled if loan had been rapid.

## **5.0 SUMMARY**

This unit has discussed the membership and attendance register (mar) on the minute book for record the proceedings of the society's meetings that cooperative fieldwork manager (assistant) that will serve as useful tools.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Discuss the minute book and the monthly analysis books (MAB?)
2. Explain the membership and attendance register (MAR)?

## **7.0 REFERENCES/FURTHER READINGS**

Akubulo, C.J.C (2003). *Cooperative extension service*, Mimographic: Ebonyi State University, Abakaliki

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## **UNIT 5 INSPECTION OF A COOPERATIVE THRIFT AND CREDIT SOCIETY**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 Inspection and checking report of a Cooperative Thrift and Credit Society Ltd
  - 3.2 Comment
  - 3.3 Business and Financial Management
  - 3.4 Other Records
    - 3.4.1 Minutes Books
  - 3.5 General Administration
  - 3.6 General Remarks
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Reading

### **1.0 INTRODUCTION**

When a Cooperative Assistant is in the field to inspect a Society, the Society may be Thrift and Credit Society (CTCS, CICS) or Farmers Cooperative Society (FCS or CPMS) or a Consumer society. However for explanation purposes, the inspection and checking Report or 'A' report of a Cooperative Thrift and Credit Society will be used to demonstrate the inspection exercise of the Cooperative Assistant.

### **2.0 OBJECTIVES**

At the end of the studies, students will be able to:

- understand inspection and checking report of a cooperative thrift and credit society Ltd,
- examine business and financial management.
- describe the importance of minutes books, general administration and general remarks.

### 3.0 MAIN CONTENT

#### 3.1 Inspection and checking report of a Cooperative Thrift and Credit Society Ltd

This report is compiled to serve as explanatory purposes only. It has nothing to do with any Cooperative Society in Nigeria. If there is any name, information or figure that looks like that of any society, it is just a coincidence.

*A sample of an inspection and checking report as follows:*

From Mr. SMS  
 Thru Registrar of Cooperative Society  
 Eti-Osa, LGA  
 To: Director of Cooperative, Lagos State.  
 Date of Report 4th May, 2010  
 Title: NOUN (LAGOS) C.T.C .S Ltd

A general inspection was conducted on the book and other statutory records of the above named society from 16th – 27th May, 2010.

Below are my findings:-

**Period Covered:** The inspection and checking report covered a period between 1st April,

2009 to 31st March, 2010

Date of Registration: 27th September, 2004  
 Membership 1000

Cash Administration

#### **Cash Balance**

Cash Book which was checked as per cash book folio 14 revealed a cash balance of N11, 220.00 in the following denominations.

#### **Bank Balance**

The Society's cash in Bank as at 31st day of March, 2010 stood at N500, 000.00(Five hundred naira only) depicted on folio 14 of the cash book.

#### **Cash Receipts**

The following cash receipts were checked into the debit side of the cash

book and no errors were detected. They were cash receipts No. 1719482 of 2nd April, 2009 – 1719500 of 13<sup>th</sup> May, 2009, No 1205001 of 2nd June, 2009 – No 1205050 of 18th July, 2009, Nos 1205001 of 2nd June, 2009 – No 12505050 of 18th July, 2009, Nos 1944001 of 1st Aug, 2009– 1944020 of 12th March, 2010

### **Payment Voucher**

The following payment vouchers were check into the credit side of Cash Book

Nos 187 of 23/6/2001 - 200 of 24/10/2001

Nos 204 of 21/12/2009 – 300 of 20/1/2010

Nos 301 of 25/1/2007 – 400 of 25/3/2010

### **3.2 Comment**

All the vouchers were properly documented and signed by the Society's President.

### **Bank Cheques**

Bank cheques books Nos KCI/114554 of 28/4/2006 to 114560 of 15/7/2006 were checked while Nos KC 114549 and 114558 were void.

### **Bank Lodgment**

The Society keeps its account with Osabiya Bank, Eti-Osa with Saving Account No 34-167E and has a balance of N500, 00.00 as stated above.

### **Cash Book/General Ledger**

All receipts' and vouchers quoted above were checked into the debit and credit side of the cash book respectively. The cash book was later on cross checked into the General Ledger. Errors resulting from duplication of vouchers and omission of some items on receipts were corrected where necessary. The Trial Balance as at 31st march, 2007 was extracted and attached to the report.

### **Reconciliation of Bank /Cash Book**

The analysis column of the cash book was checked into the personal ledger in respect of shares, savings, loans (issued and repaid) and loan interest. All errors detected were rectified. The Personal Ledger balances in respect of shares, savings and loans agreed with that of the General Ledger as shown below.

<b>Shares</b>	<b>Savings</b>	<b>Loans</b>
PL 343,986.00	222,000.00	512,000.00
GL 343,989.00	222,000.00	512,000.00
Diff -	-	-

### **3.3 Business and Financial Management**

#### **Loan register, Loan Application and Loan Bonds**

Each loan issued to Loan beneficiary was supported with an application, approval and properly documented loan bond. The loan bonds having been checked into the payment vouchers were crosschecked into the loan register. No error was detected.

#### **Loan Transactions**

**Loan Issued-** Loans issued out or disbursed during the period of checking were checked

**Loan Interest-** All interests due on loans were paid regularly

<b>Loan</b>	<b>N</b>
Balance b/f as at 1/4/09	- 164,610.00
Issued during the period	- 347,390.00
Total	512,000.00
Repayments	- 400,000.00
Balance Outstanding	- 100,000.00
Overdue	12,400.00

A total sum of N12, 000.00 was overdue for repayment from four members. They are Messrs Tonu, Utam, Emeka, and Musa owing N5,000.00 , N4,000.00, N2,000.00 and N1,000.00 respectively. Efforts are being made by the Committee to recover the overdue loan and they have been advised to apply for arbitration if by 31st march, 1995 the defaulters have not repaid the overdue loans.

#### **Shares**

Balance b/f as at 1/4/2009	- N150,000.00
Subscription	- 193,986.00
Total	- 343,986.00
Withdrawals	- - -

The membership increased by the admission of twenty members during the period.

Balance b/f as at 1/4/2009

### **Savings**

Balance b/f as at 1/4/2009	- N100,000.00
Contributed during the period	- 122,000.00
Total	- 222,00.00
Withdrawals	- 222,000.00
Balance	- 222,000.00

## **3.4 Other Records**

### **3.4.1 Minutes Books**

The society has two minute books and they were kept. They revealed that bother committee and General meetings were held regularly with good attendance. The Secretary keeps the books properly

#### ***Correspondence (Files)***

The society had been advised to procure a file cabinet for the safe keeping of the society's files. However, the files were well kept by the secretary.

#### ***Stationery register***

Purchase receipts from the relevant Payment Vouchers were checked into the stationery register and were found correct. Stationery receipts issued to the buyers were also checked into the register in respect of quantity sold ad its value.

## **3.5 General Administration**

### **Management committee**

The society's Management committee consists of members under chairmanship of the President of the Society in person of Mr. Abikoye. They are all made up of seasoned and experienced Cooperators. They performed their duties efficiently.

### **Membership**

As mentioned earlier, the membership had increased by twenty new members during the period as a result, the membership rose from 280 to 300.

## Staff

The staff strength of the society is nine. The salary of the staff is not encouraging. This could make them to be fraudulent. As a result of the low salary, three of the members of staff have tendered their letters of resignation during the period.

I, however, advised the management of the society to look into this as quickly as possible. I have also appealed to the three staff members intending to leave to give the management time to look into their case and possibly review their salaries. Details of the Society's staff members are given below:-

S/No	Name	Designation	Date Of Appt	Monthly
	<b>NOUN Staff</b>			
1	Mr. Abdul Azeez	Sec/Manager	8th March, 2013	15,000.00
2.	Mr. Abiam	Asst. Secretary	8th Feb,2011	10,000.00
3.	Mrs. Ibraheem	Accountant	2nd Jan, 2011	8,500.00
4.	Mr. Eze	Typist	8th June, 2011	8,000.00
5	Mr Agbo	Typist	4th Oct, 2011	8,000.00
6	Mr Ebe	Messenger	8th Nov, 2011	7,500.00
7	Mr. Ibikunle	Driver	15th Oct, 2011	7,500.00
8	Mrs. Moda	Day Watch	10th Aug, 2011	7,500.00
9	Mrs Musa	Night Watch	8th Sept, 2011	7,500.00

## Financial X-Ray

Below is stated the financial position of the society

<b>Liabilities</b>		<b>Assets</b>	
Share Capital	343,986.00	Cash at Bank	500,000.00
Thrift Savings	222,000.00	Stock stationary	50,000.00
Reserve Fund	50,000.00	Share in Nolly Bank	150,000.00
Education Fund	20,000.00	Loan to members	512,000.00
Comm. & Staff Bonus	5,000.00	Staff Advances	80,000.00
Prov. For Audit/Suprvsn fee	4,000.00	Cash in Hand	11,2000.00
Net Surplus			
<b>80,000.00</b>	<b>724,968.00</b>		<b>724,986.00</b>

**3 Years Statistical Data**

<b>PARTICULARS</b>	<b>2007/08 N</b>	<b>2008/09 N</b>	<b>2009/10 N</b>
Membership	240	280	300
Share capital	250,000.00	300,000.00	343,986.00
Ordinary Savings	100,000.00	150,000.00	222,000.00
Loans B/f	120,000.00	147,000.00	164,610.00
Issued	250,000.00	300,000.00	347,390.00
Total	370,000.00	447,000.00	512,000.00
Repayment	370,000.00	447,000.00	400,000.00
Bal Outstanding	65,000.00	75,000.00	100,000.00
Overdue	-	-	12,000.00
Reserves	50,000.00	60,000.00	70,000.00
Investments	50,000.00	100,000.00	150,000.00
Operational Result/surplus	40,000.00	80,000.00	80,000.00

**3.6 General Remarks**

The Society is continuously making progress by making profitable investments. The members should be more alive to their responsibilities especially in the payment of developing levy and monthly savings.

The Committee members should make necessary efforts to recover all overdue loans. Though these committee members are up and doing but should receive more training so as to be able to do better in the coming financial year.

The following statements are attached to the inspection and checking report.

1. Trial Balance
2. Personal Ledger Balances
3. Incomes and Expenditure A/C
4. Balance Sheet

Signed  
Cooperative Assistant i/c

**4.0 CONCLUSION**

To beef up your understanding of cooperative field work, this unit has examined the Inspection and checking report of a Cooperative Thrift and Credit Society Ltd, Comment and Business and Financial Management, also the important of Minutes Books, General

Administration and general remarks.

## **5.0 SUMMARY**

It is also part of the inspection exercise to visit societies, know their problems and suggest improvements to enable the society develop further socio-economic activities that will improve the members standard of living.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Discuss the Inspection and checking report of a Cooperative Thrift and Credit Society Ltd?
2. Explain the important of Minutes Books and General Administration?

## **7.0 REFERENCENCES/FURTHER READINGS**

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## MODULE 2

Unit 1	Factors That Motivate Prompt Inspection Duties
Unit 2	The Role Inspection Plays in the Growth of Cooperatives in Nigeria
Unit 3	Media of Propagating Co-Operative Education in Nigeria
Unit 4	Advisory Duty of the Cooperative Manager (Assistant)

### UNIT 1 FACTORS THAT MOTIVATE PROMPT INSPECTION DUTIES

#### CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Contents
3.1	Payment of Salaries and other Entitlements
3.2	The Vigor with which Cooperative Assistant Execute Inspection Duty in an Unsuitable Economic Environment
3.3	How Action of Cooperative Assistants Can Negatively Influence the Outcome of the Society's Activities
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
7.0	Reference/Further Reading

#### 1.0 INTRODUCTION

The result of the incentives and other entitlements given to cooperatives Assistants in the past, they were executing the inspection duty assigned to them diligently. These were some of the incentives.

#### 2.0 OBJECTIVES

At the end of the unit, you should be able to:

- described regular payment of salaries,
- explain the vigor with which cooperative assistant execute inspection duty in an unsuitable economic environment.
- discussed how action of cooperative assistants can negatively influence the outcome of the society's activities.

### **3.0 MAIN CONTENT**

#### **3.1 Payment of Salaries and other Entitlements**

The salaries and other entitlements of cooperative Assistants were to be paid regularly as a form of motivating them and more efficient and effective in performing their duties assigned to them such as prompt Payment of their Transport claims it encouraged them to do the job diligently.

##### ***Provision of motorcycle loan and easy repayment conditions***

The employers of Cooperative Assistants gave them motorcycle loans in the past so that they could purchase motorcycles to be able to travel to the societies allocated to them with ease.

Some of these Societies were located in the villages, which were not motorable. In some cases, the vehicle plying the motorable areas do so once a day and sometimes break down before getting to their destinations. When the vehicle broke down, the Cooperative Assistance would not be able to travel to the societies. This was why the Government encouraged them to by motorcycles so that they could travel to these villages anytime and returns on time too.

The Government also gave them easy repayment conditions.

##### ***Regular supply of working tools/materials to Cooperative Assistants***

In the past, the Cooperative Assistants were provided with necessary working tools and materials. Such tools/materials include stationeries, forms, files, writing materials in the Area Offices for their use. Also, whenever the Government wanted to supply insecticides, fertilizers, loans, outboard engines to the societies, they do so through them. In view of this, the Cooperators put a lot of trust on them.

##### ***Provision of comfortable officers for the officers***

Through cooperative Assistants are not sedentary officers, they were usually provided with comfortable officers in which they perform their duties when they are not on tour, which served as additional incentives to them.

##### ***They enjoyed conductive economic environment***

In the past, the officers were able to work well because they were working in a conductive environment. The exchange rate for the naira

was suitable. Consumable items were affordable and cheap, it was easy for them to maintain their families. Transport, food and drinks were cheap during these periods. In such an environment, people will be willing to work. As a result of the point mentioned above the Cooperative Assistants were always hardworking, lived up to the task assigned to them and were happy with the job.

### **3.2 The Vigor with which Cooperative Assistant Execute Inspection Duty in an Unsuitable Economic Environment**

The job had some set-backs when there was embargo on employment at the /federal and state levels and those on the job were too few to carry out the inspection exercise on Cooperatives successful. Other reasons for the laxity in their job among others the followings:-

#### ***Irregular payment of salaries***

The salaries of Cooperative Assistants are in many cases not paid regularly. This result in the officers borrowing before the salary payment. At times, they borrow more than the amount they are to receive as salaries. Hence the debts accumulate over a long period and at last, they end up in a financial mess.

#### ***Accumulation/non-payment of their kilometer claims***

Though Cooperative Assistant are entitled to making kilometer claims for official journeys made. For months or year now, such claims pile up without any attention. In some states, the payment of such claims has stopped with no idea on when the payment will be resuscitated. This discourages them from travelling to the societies allocated to them especially if they will not be able to reclaim the money from the societies they are inspecting.

#### ***No more motorcylce loan/car refurbishing loan***

Cooperative Assistant are no more given motorcycle loans or even loan to refurbish their motorcycle if at all they have any these days. This hinders the execution of their inspection duty.

#### ***General hardship on the path of the officers***

In a bad economic situation, Cooperative Assistants find themselves in a difficult situation. Like other members of the society, their salaries cannot meet their basic needs. Hence there will be little or no money left to perform inspection duties.

### ***Intermittent increase in transport fares***

The willingness of the Cooperative Assistants to carry out their inspection duty is further made difficult due to intermittent increase in transport fares. This is caused by the escalating prices of vehicles and the increase in the prices of petroleum products especially fuel, which hinder the growth of many Cooperative Societies.

### ***Irregular Promotions***

At Federal and State levels the problem of irregular promotions are common due to financial and political factors are being frustrated out of the job. Also, this problem makes some of them misbehaves in the field. They resort to a lot of atrocities which hinder the growth of many Cooperative Societies.

## **3.3 How Action of Cooperative Assistants can Negatively Influence the Outcome of the Society's Activities**

Many Cooperative assistants mis-behave in the field while a lot on the contrary are well behaved. Some of the mis-behaviours are caused by the problems mentioned above. When they misbehave in the field, or they reduce or stop the inspection exercise they are expected to carry out due to problems mentioned above, the following may be the result.

### ***1. Irregular inspection***

Many societies may be inspected regularly.

In some cases, some societies may not be inspected for many years despite the fact that the rule demands that they should be checked at least once in a year. This problem may also be caused by reduction in the number of the officers remaining on the job.

### ***2. Disinvestment and misapplication of funds***

Due to irregular inspection by Cooperative Assistants, Cooperative societies may be disinvesting or misapplying their funds in non-profitable ventures. This might happen when members do not get necessary advice and education from the officers. When this trend takes places over a long period, the society will be having problems.

### ***3. Laxity and mismanagement on the path of Cooperative officers***

The Officer of the Cooperative Society may start behaving any how when they know that the Cooperative Assistant is not coming to inspect their society. The Secretary, President, Treasurer may be mismanaging

the society and be engaging fraudulent activities. Also, the transactions of the society may not be recorded in the appropriate books and records regularly by the Secretary any longer.

#### **4. Increase in fraudulent activities**

Regular inspection curtails fraudulent activities. When the books and records of a society are not checked for some years, fraudulent activities will be on the increase. This means the society is gradually folding up.

### **4.0 CONCLUSION**

This unit as presented Regular Payment of Salaries, further explain the vigor with which cooperative assistant execute inspection duty in an unsuitable economic environment also discussed the effect of the mis-behaviour of cooperative assistants on cooperative societies.

### **5.0 SUMMARY**

This unit has discussed the membership and attendance register (mar) on the minute book for record the proceedings of the society's meetings that cooperative fieldwork manager (assistant) that will serve as useful tools.

### **6.0 TUTOR MARKED ASSIGNMENT**

1. Described Regular Payment of Salaries?
2. Explain the vigor with which cooperative assistant execute inspection duty in an unsuitable economic environment?
3. Discussed the effect of the mis-behaviour of cooperative assistants on cooperative societies?

### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 2 THE ROLE INSPECTION PLAYS IN THE GROWTH OF COOPERATIVES IN NIGERIA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 Inspection Will Keep the Secretary/Manager on Alert at All Times
  - 3.2 Education Duty of the Cooperative Assistant
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Readings

### **1.0 INTRODUCTION**

The Cooperative Assistants regularly inspect the Societies allocated to them on the advantages that may accrue to such Societies.

In societies where majority of the members are illiterates or semi illiterates, there is need for regular inspection by the Cooperative Assistants. The officers will be able to educate and advise the members at the right time on investment strategies. The result of this is that the members would be able to take wise decisions especially when holding their meetings. This will certainly enhance the growth of their Cooperative society. He will also study their income and expenditure proposals and advise them accordingly.

### **2.0 OBJECTIVES**

- at the end of the study, students would be able to:
- understand the inspection will keep the secretary/manager on alert at all times
- describe the education duty of the cooperative assistant

### **3.0 MAIN CONTENT**

### **3.1 Inspection will Keep the Secretary/Manager on Alert at all Times**

At the end of the inspection exercise, the Cooperative Assistant will write an inspection report which may be available for the consumption of the members management and the business partners of the Society. This will give information about the state of affairs of the society and will boost the business of the society where the society's business needs redress, the report will enable the members take timely action.

#### ***Cooperative assistants as an intermediary***

The Cooperative Assistant serves as an intermediary between the Director of Cooperatives, the Area officer and the members of the society. Information advise instruction get to the members through him which will be delivered during inspection visits.

#### ***Inspection serves as caution***

Inspection of Cooperative Societies will serve as caution to the management and members of the society from time to time.

#### ***Members will be able to ask questions regularly***

When Cooperative Assistants visit and inspect the society regularly, members would be able to ask questions when necessary before taking decisions.

### **3.2 Education Duty of the Cooperative Assistant**

In Nigeria, majority of the cooperators are illiterates. Hence they are not good businessmen.

Before they can be good businessmen they have to be educated. If the Cooperative Society is taken to be a business venture and it has to be run like a business before the members can be successful.

To be able to carry out their educational duty, the Cooperative Assistant needs to be educated.

He must possess at least the school certificate before he could be employed as a Cooperative Assistant into the relevant Department of Cooperatives. After this, he would undergo training in one of the Cooperative Colleges for an academic session. If he is successful in the final examination, he becomes a qualified Cooperative Assistant and

a holder of a Certificate in Cooperative Studies. It is after this course that he is qualified to be an educator of Cooperative Societies. He would have at this stage been trained to be a trainer. He would have got a good knowledge of Cooperative business principles, the Cooperative law and regulations and the bye-laws of Cooperative societies. He would also have a good accounting knowledge.

Apart from this training at the Cooperative College, he must be having constant training from time to time in form of refresher course, workshops seminars etc.

Cooperative Assistant may also enjoy in service training from time to time. He may go for further studies in the Polytechnic, University or Diploma in Cooperative studies at the Cooperative College to enable him perform his job better in the field. Whenever the Cooperative Assistant is well equipped to carry out the educational duties effectively, he must direct the educational activities to the following groups.

### **3.3 Members Education**

The Cooperative Assistant must teach the members of the societies allocated to him to be able to read and understand the bye-laws of the society. They must also learn to use the bye-laws to run their society.

The members must be educated on how to run the society effectively by utilizing business principles. They must be taught what their rights and duties in the society are. He must teach the members how to hold meetings, how to discuss effectively in meetings, how to take decisions in meetings and the importance of meetings. They must also be taught how to choose their officers and committee members. They should understand that they must choose capable officers who are ready to work for the society selflessly and in line with the aims and objectives of the members.

The members of the society should also be taught to be able to discuss and evaluate reports on their society's business. They should be able to formulate policies which will eventually lead them to making good decisions for the betterment of their organization.

#### **3.3.1 Officers of the Society**

The officers of the society who are the President, Secretary, Treasurer, Vice President, members of the Committee should be informed what their duties and responsibilities to society are and how to carry out these duties, most effectively. This is necessary since they run the society according to the mandate given to them by the members of the society. It is important for them to be well educated since any mistake

committed by these officers will be detrimental to the success of the society.

### **3.3.2 Employees of the Society**

The employees of the society are not members, nevertheless since they work for the society, they need to receive education on the organization and members of the society they are working with.

The employees should know what the organization is, the characteristics it has that make it different from other business organizations, the principles of Cooperation, the Cooperative law and the bye-laws of the society. They should know also how the organization operates and how they can perform their duties effectively in such an environment.

The employees should not be selected on the of their social relationship with any of the members but on their qualifications, experience and their foreseen ability to perform the duties that will be assigned to them diligently. Apart from making the right selection, they should be trained and retrained from time to time. It is also important that the employees should be well remunerated so that they can decide to work with the organization for a long time. The idea of losing experienced employees as a result of low remuneration will be minimized if the members are well remunerated. This will reduce the urge to defraud the society.

### **3.3.3 The members of the Public**

The cooperative assistant needs to educate members of the public on what a cooperative society is, the benefits people can derive by its formation, how to form a cooperative society, how to run and administer it. etc.

This action will give more enlightenment about Cooperation to the members of the public and as a result they will embrace it and there will be tremendous increase in the number of society that will be formed in the area which the officer is supervising.

## **4.0 CONCLUSION**

The Inspection will keep the Secretary/Manager on alert at all times because the tenets of cooperative fieldwork is all about getting feedback and improvement also the education duty of the cooperative assistant.

## 5.0 SUMMARY

This unit as describe the significant of Inspection will keep the Secretary/Manager on alert at all times. The benefit of education duty of the cooperative assistant.

## 6.0 TUTOR MARKED ASSIGNMENT

Discuss the Inspection of the Secretary/Manager and the education duty of the cooperative assistant?

## 7.0 REFERENCES

Akubuilu, C.J.C (2003). *Cooperative extension service*, Mimographic: Ebonyi State University, Abakaliki

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## **UNIT 3 MEDIA OF PROPAGATING CO-OPERATIVE EDUCATION IN NIGERIA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 Media of Propagating Co-Operative Education In Nigeria
  - 3.2 Formal Cooperative Education
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Reading

### **1.0 INTRODUCTION**

Cooperative Education is carried out with some media of communication to ensure the activities are successfully carried out. The cooperative assistant can educate by talking to an individual or a group of people on cooperatives. When he does this, the officer would behave like a resource person and the audience may be opportuned to ask questions on areas that are not clear.

### **2.0 OBJECTIVES**

At the end of the study, the student would be able to:

- understand the media of propagating co-operative education in Nigeria
- describe the formal cooperative education

### **3.0 MAIN CONTENT**

#### **3.1 Media of Propagating Co-Operative Education in Nigeria**

The participants in the discussion have one role or the other to play as well as the resource persons. One of the participants may throw in an idea on which himself and other participants will deliberate on. In discussion, the cooperative assistant may play an important role but other members in the group will also participate actively in the dissemination of information.

## **Symposium**

A symposium is an educative forum where resource persons are invited to take part in presentation of topics to be used to input knowledge to the audience. It may also be a situation where different resource persons are invited to present papers on a topic, subject or a problem to the members of a cooperative society. It can also be referred to as a conference for a discussion on a particular subject or problem affecting the development of cooperative societies. Towards the end of the symposium, a resume or summary will be made from what the different resource persons presented to the audience.

## **Debates**

A debate is usually a formal discussion, which may take place in a public meeting in a cooperative society, or it may be organized for members of a Cooperative society.

It is usually a contest between two speakers or two groups of speakers. A group or an individual may for example, assemble some facts on the preference they have for the formation and administration of cooperative society for the rural people while the other group or individual society present reasons why they prefer the other types of business undertakings to the cooperative society. When presenting their facts, each group or individual would show skill and ability in the argument.

## **Meetings**

Usually when Cooperators hold their meetings, they educate themselves on how a cooperative society functions. A part from this, the cooperative assistant attends the meeting and during the period, he educates the members, the committee members and the officers of the society.

He also looks into their business operations and methods and educates them therein. Education of members can also take place when societies representatives hold meetings together at the Union's office which they are affiliated to discuss some issues, this is a form of education.

## **Study course**

The officer may attend courses of various types and later use the knowledge gained to educate members of cooperative societies.

Members, officers or committee members may also attend courses of various types. These courses may include attending a year's course, six months course, or three month course and so on, to develop themselves and to enable them have the ability to make effective participation in cooperative development.

### **Study group**

Members of a Cooperative Society may divide themselves into two or three groups to look into the problems affecting the society. Each group represented by the secretary or chairman of the group will read each group's resolution to the members of the society for comments and a resume will follow. This may be under the guidance of the cooperative assistant.

### **Study visits and excursions**

The cooperative assistant can lead members of a cooperative society allotted to him on an excursion to societies that are viable, evaluate their development, ask questions on their business activities and learn from them. They can also visit the farms of such societies to know how to practice modern farming. At the end of the visit or excursion, they would be able to emulate the activities of their ex-hosts.

### **Demonstrations**

The officer can assist members of the cooperative societies allocated to him by showing them physically how to practice modern farming by practically showing it on a farm where members can go to and see this development themselves thereby practicing it on their respective farms. For example, the use of fertilizer can be demonstrated on a farm for members of the society to see and later practice this on their respective farms.

### **Articles in periodicals**

Articles on cooperation societies benefits can be published in periodicals like TELL, New week, News watch and other Magazines.

### **Articles in newspapers**

Articles mentioned above can also be published in newspapers like the Punch, The Nation and the Guardian etc.

### **Write-ups in pamphlets, leaflets**

Write-ups on cooperatives can also be published in pamphlets or leaflets for cooperators and members of the public. A pamphlet is a small paper covered book' while a leaflet is 'a printed sheet (unbound but sometimes folded) they are usually for free distribution.

### **Posters**

Cooperators can also be educated through the use of posters. Posters are placards on which words and or diagrams are written to educate Cooperators or members of the public on cooperation. These placards are usually displayed on walls or public places for people to see and read.

### **Radio and television programmes**

Cooperative education can also be given through radio and television programmes. Talks, discussion, debates can be used to disseminate cooperative education through the use of radio and television.

## **3.2 Formal Cooperative Education**

Formal cooperative Education is given in classrooms. This includes training in cooperative colleges, Polytechnics, and Universities etc. The education is imparted through formal teaching.

## **INFORMAL COOPERATIVE EDUCATION**

This is given to cooperators in course of cooperative meetings when members ask questions and the Cooperative staff/officer answers the questions. It also include the education cooperators receive through workshops, conferences, radio and television programmes.

## **4.0 CONCLUSION**

The media of propagating co-operative education in Nigeria includes discussions, symposium, debates, meetings, study course and group, visits and excursions, demonstrations, articles in periodic and newspapers, write-ups in pamphlets, leaflets posters, radio and television programmes. Further clarification and explanation between formal and informal cooperative education.

## 5.0 SUMMARY

This unit discusses the media of propagating co-operative education in Nigeria and further and Explanation between formal and informal cooperative education

## 6.0 TUTOR MARKED ASSIGNMENT

Discuss the media of propagating co-operative education in Nigeria?

## 7.0 REFERENCES/FURTHER READINGS

Akubuilu, C.J.C (2003). *Cooperative extension service*, Mimographic: Ebonyi State University, Abakaliki

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## **UNIT 4    ADVISORY DUTY OF THE COOPERATIVE MANAGER (ASSITANT)**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
- 3.1 Advisory Duty of the Cooperative Manager (Assistant)
- 3.2 Inquiry
- 3.3 Term of Reference
- 3.4 Conduct of the Inquiry
- 3.5 Preparation of Inquiry Report
- 3.6 Activities of the Commissioner after the Completion of the Report
- 3.7 Action of the Director of Cooperatives after the Inquiry
- 4 0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Readings

### **1.0 INTRODUCTION**

Members of cooperative societies need the advice of the cooperative assistant regularly.

When doing this the officer should not impose his wishes on the people but must utilize the knowledge gained in the Cooperative laws principles of cooperation to advise the people.

Also, the cooperators must not reject the advice given by the officer on the ground that the society belongs to them and they can run the society as they like. Both the cooperative assistant and the members of the society must cooperate and work together in order to make the society successful.

### **2.0 OBJECTIVES**

At the end of this unit, you be able to:

Understand the advisory duty of the cooperative manager (assistant), inquiry, term of reference, Conduct of the inquiry and preparation of inquiry report:

Describe activities of the commissioner after the completion of the report and action of the director of cooperatives after the inquiry.

### **3.0 MAIN CONTENT**

#### **3.1 Advisory Duty of the Cooperative Manager (ASSSITANT)**

Since the officer inspects and visits the society regularly, he may advise the members in the premises of the society, in the member's houses, on the farms or any other place that is suitable. They should also advise them during meetings so that they will be able to take wise decisions and formulate policies within their competence to facilitate efficient discharge of the Society business.

Areas where the officer could advise the member include the following:-

##### **Fixing rate of interest to be paid by members (borrower)**

He should advise the members of cooperative societies on the rate of interest to be paid by members (borrowers). This rate should be suitable and it must be a rate that would make the members have the willingness to borrow from the society.

An example is the fixing of 1k on N1.00 as interest on loans taken by members. It should be a rate that is far lower than what obtains in other financial institutions. The bye-laws give the members the opportunity to fix a suitable rate of interest for themselves and this rate can be amended by the members from time to time.

##### **Advise on Maximum Credit Limit**

The maximum credit limit is the highest loan a member can be given in the society. In practice, a member may be given two times his assets in the society (twice his total share capital and savings or twice his saving depending on the decisions of the members in the General meetings. The bye laws give the members of the society the opportunity to be flexible in fixing of the maximum credit limit. It is then the duty of the officers to advise the members of the society to fix a suitable maximum credit limit for their society.

##### **Maximum amount which the society may borrow**

The society may have the intention of borrowing money from financial institutions or from members to undertake one project or the other especially when the money to be borrowed involves a large sum of money, it is the duty of the cooperative assistant to advise the members to make sure the money are borrowing is worth it and that the

money will be used for a viable project.

### **Maximum Amount which the Society may invest**

Whenever the cooperative society intends to invest in a project, the members need the advice of the officer. He has advise them to make profitable investment. Any investment that will not pay the society and the members is not worth making. At times, when it is necessary for the society to make huge investment, the members have to get approval from the Director of cooperatives before such an investment can be made. The director of cooperatives can also empower the officer to advise the members of all society on the investment before they send in the application for approval to the director of cooperatives.

### **The fare, commission and qualities which may be accepted**

This affects agricultural cooperative society. The officer would advise the members on the allowance made for the weight of their produce to compensate for any loss in weight that may result from evaporation, dryness etc. He would also advise them on the commission to charge on handling the members produce and also on the quality required from the members as far as their agricultural produce is concerned.

### **Advise on the day to day operation of the society**

Since the cooperative society is a business venture, the members need constant advice on the day to day operations. The type of advice depends on the type of society involved. Farmers cooperative Society need piece of advice on purchase of fertilizers. Use of modern equipment and other farming practices methods. Cooperative Thrift and Credit Society need such piece of advice on regular payment of their thrift savings, suitable maximum credit limit, loan disbursement, overdue loan, acquisition of Capital from financial Institutions etc.

Apart from the above, he should ensure that members make adequate arrangement for safe keeping of the society's cash both at the society's premises and at the bank. He must also ensure that the assets of the society are properly kept.

### **Advise on the Cooperative Law and the bye-laws of the society**

The members of the cooperative society need to read these documents always, understand and utilize them to run the society. Also, whenever the members of the society are holding meetings, the cooperative assistant needs to read the by-law to the members and interpret them to those who do not understand English (if an English version) he

must also advise them to use the knowledge gained to run the cooperative society.

### **Advise members on business to embark upon**

Whenever the members of a society want to embark on any project e.g. poultry, farming, fishery, piggery, bread making building project, land speculation and garri grating machine etc. they need the advice of the cooperative assistant. He must conduct a feasibility study on the project they want to embark upon to ensure that the project is viable one. If not, he has to discourage them. The Cooperative Assistant must ensure that he gives them an advice that will not lead to the collapse of the society. It is through this that the society will grow and they will always listen to him.

## **3.2 Inquiry**

### **How to conduct an inquiry**

The director of cooperative is the Inquirer for Cooperatives. He is empowered by the law to perform this activity. He may delegate this power to his Zonal area officer or the cooperative assistant.

An Inquiry may be necessary if it is suspected that there is fraud, embezzlement or misappropriation of fund in the society. It may also happen if the members or the committee members raise an alarm on such issue.

When an Inquiry takes place, the inquirer will have to look into the books, records, cash accounts and documents of the society

### **Conduct of an inquiry**

#### **(a) On motion of the Director**

An Inquiry can come into existence when the director of cooperatives acts on a tip off that a fraud or embezzlement is taking place in a society or if he suspects such a thing in the society. He can on his own motion institute an inquiry into the affairs of the society. He may also carry out an inquiry into the affairs of the society after going through the records of the society.

#### **(b) Members and/or members of the committee can call for an Inquiry**

The cooperative law states that the director may, and shall on the

application of a simple majority of the members of the committee or of not less than one-third of the members of registered society, hold an inquiry or direct any other person authorized by him by order in writing to hold an inquiry into the constitution, working and financial state of registered society.

**(c) The Creditor of the Society can call for an Inquiry**

The creditors of a cooperative society can appeal to the Director to institute an Inquiry into the affairs of the society if such creditor can prove the society owes him some money which he had made demands for but not obtained. When a creditor calls for such an inquiry, he may be required to deposit some money that will be the running costs of the inquiry with the director.

**(d) Officers that hold the inquiry**

As mentioned earlier, the director of cooperative is empowered by the law to hold an inquiry into the workings of the society. He may also delegate this power to one of his officers. This will be done by giving such an officer letter of appointment to carry out the exercise. A panel of inquiry may also be set up by, an appointment of three men panel. These may be the chairman and two other members. The Director will spell out their terms of reference the duration of the exercise will be on their letter of appointment. The panel will look into the books and records of the society and make some general investigation on what is going on in the society.

### **3.3 Term of Reference**

Whenever the director of cooperative empowers the officer to inquire into the affairs of a cooperative society, the terms of reference is usually to look into the constitutions, working and the financial condition of the society.

#### **Procedure of an inquiry**

The commission would ensure that the notice to hold an inquiry get to the society. It may be delivered to the society by the cooperative assistant in charge of the society with the authority of the area officer. The commission or inquirer may be from the Headquarters or the Zonal office or the Area office. If this is the case, the cooperative assistant will assist Officer to carry out the inquiry.

The cooperative assistant may also be appointed to do the job. The commissioner will have to visit the society, present his letter

of appointment to the member and ensure a suitable date and venue is fixed for the inquiry. Alternatively, the cooperative assistant may do these preliminaries on behalf of the commissioner.

A suitable hall will be sought; it must be a big one that can contain all the members. There must be adequate light, ventilation and suitable seat in the hall.

The Area office, or the cooperative assistant or commission himself will have to take custody of the book and record of the society and a report of what is going on in the society will be prepared by the cooperative assistant in charge of the society.

This may include the following:

- Names and particulars of loan defaulters
- Non-compliance with the bye- laws, minute books of the society.
- Preparation of the Trial balance.
- List of members involved in cross- surety and disobedience to maximum credit limit
- He must prepare an income and expenditure account and the balance sheet of the society
- Prepare a report on other relevant activities of the members and officers which contravene the bye- laws of the society.

The book, record and the report on matters expressed above would be presented on the day of inquiry.

### **3.4 Conduct of the Inquiry**

It is important to note that the inquirer is empowered to summon any of the members, officers, secretary, and committee member's witnesses and compel their attendance at the workshop.

The commissioner would ensure a list of all the people that were present is prepared. Then the commissioner will look into the books and records of the society with relevance to the inquiry. He would then call on the respondent and the complainant who address what they know about the subject matter. The commissioner will open a file for the conduct of the inquiry and record the statement of the respondent and the complainant. Next line of action is that the commissioner will call on the witnesses. The first witness is normally the cooperative assistant in charge of the society who will submit his preliminary report on the society. This would be read to the people present at the venue of the Inquiry. If necessary, an interpretation of the language used may be disseminated to members that did understand it. The Commissioner should note that the recording of the evidences are to be done in the first

person. Other witnesses will be called upon to present their cases as the first witness did. The members are also free to cross examine the witnesses. They may also be allowed to make their statements in writing. This will be followed by the presentation of necessary exhibits A, B,C, D and so on and they must be initialed by the Commissioner. A certified true copy of society's documents may stand for the original documents of the society. The statements of the respondents, representatives of the society, witnesses and the presentation of exhibits may demand for the checking of the correctness in the books and records of the society. It is the duty of the Commissioner to do so. The inquiry can come to a close when all evidence provided have stopped, and when all cross examinations have come to an end.

### **3.5 Preparation of Inquiry Report**

At the end of the inquiry, the commissioner will write his report. The report will contain the following information:

- Date of Inquiry and time
- Venue (usually at the registered address of the society).
- Attendance at the inquiry (Names of members to be written and not mere how many they were)
- Oral evidence must be recorded in the report by the Commissioner, while written evidences must be attached to the report.
- Exhibits tagged A,B,C,D etc. or memoranda presented to the Commissioner must be attached to the report.
- All information gathered from the books and records of the society that are relevant to the inquiry would be written in the report.
- The Commissioner would present these findings in the report which would be the result of the information he had collected from the respondents, the complainants, the witnesses, the exhibits, the books and records of the society.
- The Commissioner must attach the society's trial balance as at date of inquiry to the report.

### **3.6 Activities of the Commissioner after the Completion of the Report**

The commissioner may return or ask the cooperative assistant in charge of the society to return the books and records of the society he had taken charge of to the society after the inquiry. This may not be so if the commissioner is convinced that it is unwise to return the books and records to the society especially if it is certain that the society will be wound up. This action will be reported to the director of

cooperatives.

The report of the inquiry will be submitted to the director of cooperatives through the area officer/Divisional Cooperative officer. The Director will study the report and apportion cost or deliver a judgment on the inquiry to the relevant personality of the society.

### **3.7 Action of the Director of Cooperatives after the Inquiry**

If the report of the inquiry shows that the society has no chance of survival any longer, he will have to order the liquidation of the society. On the contrary; the society will be allowed for sometimes to mend fences or thereafter face liquidation.

However, the director will apportion cost to the individual, the society .....member, officer or creditor found venue of section 37 sub-section 5 of the Societies law of 1993 says it all that ..... held,.. the director may, by certificate ..... seal, make an award apportioning the ,.... right between an inquiry, the officers or former ... society and the creditors, if any on whose ... inquiry was held.

## **4.0 CONCLUSION**

Members of Cooperative Societies need the advice of the cooperative manager (Assistant) regularly on the people but must utilize the knowledge gained in the cooperative law and principles of cooperation to advise the people. The cooperators must not reject the advice given by the officer on the ground that the society belongs to them and the members of the society must cooperate and work together in order to move the society forward.

## **5.0 SUMMARY**

This unit had presented the advisory duty of the cooperative manager (assistant), inquiry, and term of reference, Conduct of the inquiry and preparation of inquiry report and describe activities of the Commissioner after the Completion of the report and action of the director of cooperatives after the inquiry

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Discuss the advisory duty of the cooperative manager (assistant), inquiry, term of reference.
2. Conduct of the inquiry and preparation of inquiry report.
3. Describe activities of the commissioner after the completion of

the report and action of the director of cooperatives after the inquiry.

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### **MODULE 3**

Unit 1	Audit Duties and Auditing of Cooperative Societies
Unit 2	Problems Facing Cooperative Audit Organisation
Unit 3	Arbitration
Unit 4	Liquidation and Dissolution

## **UNIT 1    AUDIT    DUTIES    AND    AUDITING    OF COOPERATIVE SOCIETIES**

### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Contents
3.1	Audit Duties and Auditing of Cooperative Societies
3.2	Purpose of Audit
3.3	Method of Audit
3.4	Audit Duties
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3.6	Payment Voucher
3.7	Cash Book
3.8	General Ledger
3.9	Trial balance
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
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### **1.0    INTRODUCTION**

The Director of Cooperatives is the Auditor General for cooperative societies. He may appoint a person in writing to audit the books and records of a cooperative society. It is mandatory for the books and records of a cooperative society to be audited at least once in a financial year. This is substantiated by Nigeria Cooperative societies Decree of 1993 section 36 (1)

### **2.0 OBJECTIVES**

At the end of the study, the student would be able to:

- understand audit duties and auditing of cooperative societies

- know the purpose of audit, method of audit and audit duties
- describe inspection report checking and auditing also Payment Voucher

### **3.0 MAIN CONTENT**

#### **3.1 Audit Duties and Auditing of Cooperative Societies**

The director of cooperative appoints a cooperative assistant to audit cooperative societies. He may also appoint a Chartered Accountant or an auditor to audit the cooperative society. In the past the Director of Cooperatives had exercised this power by empowering some state cooperative Federations in the Southern part of the country to set up audit departments in their respective organizations and employ cooperative auditors who are to audit the book and records of registered societies in their respective state.

However, in the Eastern and Northern parts of the country, this development is not in place. The audit duties are carried out by cooperative assistant from the Cooperative department.

#### **3.2 Purpose of Audit**

The purpose of audit is to ascertain whether the book of the society correctly records the transactions of the society and that the annual account shows the true state of the society's transactions. It is also to inspect and report on the cash on hand by the organization as at the date of auditing.

#### **3.3 Method of Audit**

The Auditor collects the books and records of the organization concerned and does the job in the premises of the society, using a brown coloured pencil. All alterations and erasures shall be ringed and the correct figure written at the side. No pencil entry should be ticked, while the ticked entries initials and written comments should be in made in the societies' books unless prior authority had been obtained from the Director.

The work of the auditor is normally divided into three part. One part is the mechanical audit, the second part is the administrative audit and the last part is the writing of the report of the audit. During the period of auditing, the Cooperative Assistant or whoever is auditing must be methodical, painstaking and cautious. He must not approach his work with an air of suspicion from the onset of his that something is wrong. Rather, he should proceed with the audit believing that everything is in

order until otherwise discovered.

Then he must probe into the very root of the problem and ascertain the true position of things. When the Auditor has collected all the necessary books to be audited, he would complete an audit analysis which will show which books are available and unavailable or not applicable.

### **3.4 Audit Duties**

The auditor must satisfy himself that every entry in any book is properly supported by a document, receipt or payment voucher and that each item is properly posted to the correct in the ledger. He should also ensure that balances, listed in the balance sheet accurately represent the value of assets or amount of liability

### **3.5 Inspection Report Checking and Auditing**

As mentioned earlier, in areas where cooperative auditors are not employed by the State cooperative Federation, the Cooperative Assistant does the job of the Cooperative Auditor. This is to say in essence that inspection and report checking as carried out by the appointed officer is also regarded as the audit report of the society.

#### **3.5.1 The Actual Auditing/Mechanical Audit**

The auditor normally follows an audit programme which provides him with guidelines on how to check the relevant books of accounts and records. It is important to mention that the type of books involved in this process the auditing depends on the type of society being audited. When auditing, the auditor will do the following;

#### **3.5.2 Cash and fixed deposit Receipt books**

Cross check issues or receipt books with the receipt book register and initial the items in the register.

Cross check all duplicates or counter-foil receipts relating to member's loan and savings with the monthly analysis Book. (Thrift and the Personal Ledger or the Membership the deposits and fixed deposit register.

Cross check cash receipt for produce sold with particulars of sales book (Marketing society). Spoiled or cancelled receipt leaves should be left in the book and cancelled by the auditor who should be on the alert to note all missing numbers. The /auditor should call for the missing numbers, investigate why they are missing.

Cross checking duplicate cash receipts and fixed deposit receipts with cash book in details while paying particular attention to the amounts in figures and words, the dates of the receipts, and the particulars of the receipt.

Cross checked duplicate and counter-foil receipts should be boldly cancelled by the auditor. The last duplicate of each book be initialed and dated at the back.

### **3.6 Payment Voucher**

1. The auditor should verify that vouchers are properly authorized and that they specify the nature of the transaction.
2. Check computations on payment vouchers in paying attention to every detail
3. Verify the name of the payee using the receipt given in acknowledgement.
4. In case of withdrawal of savings and other payments to members signatures and thumbprints should be verified with the specimen in the Membership and Attendance Register. In the case of withdrawals or deposits, ensure that the original receipt issued is attached to the payment voucher marked (paid, initialed and dated)
5. Check amounts on payment vouchers relating to members with monthly analysis (relevant to thrift societies).
6. Payment voucher relating to total payment for each consignment should be checked into sales book and particulars of receipt for produce by a member into the produce Book. Original produce receipt should be surrendered at the time of payment and cancelled.
7. Check payment voucher relating to the purchase of stock into register and compared with sellers bills
8. Verify vouchers for capital expenditure with minute book
9. Check payment voucher with cash book and have vouchers with attachments cancelled boldly and initialed.
10. Check payment voucher in every other respect before cross checking it into cash book and ticking every item checked.

### **3.7 Cash Book**

1. Check deposits and withdrawals into bank passbook
2. Cross or tick all cash and bank entries
3. Verify all unsupported receipts and payment
4. Call for the missing receipts and vouchers and, if not available

- list in observation book and check with any available references.
5. Check petty cash into petty cash book and verify the Balance
  6. Check any imprest account into imprest book  
(Note payments to members, produce should be treated as a sort of imprest to be disbursed and supported by entries in produce book) Therefore, the total payments due on each consignment of produce should be entered as one entry in cash book supported by only one payment voucher to agree with particulars of sales Book, details of payment shown in produce book).

Where payments for produce are not claimed within certain time fixed by each society, such amounts should be cleared from the produce book into the members' saving account)

7. See that all items have been ticked.

### **3.7.1 Produce Receipt Books**

- a. Check issues of receipts books with the receipt, books registers and the initial items in the register
- b. Check duplicate produce receipts into produce book in detail. Particular attention should be given to date, member's number, name, weight and grade of produce.
- c. Cross-check produce receipts into personal ledger.

### **3.7.2 Produce Book**

- a. Compute net amount payable for produce in detail in accordance with price paid to members, using a calculator and ensuring that a uniform practice of deducting or making-up fractions to the nearest kobo is adopted for each sale.
- b. Add up total produce delivered for each consignment and compare details in sales book.
- c. Verify total payments to members for each consignment and cross-check with particulars of sales book

### **3.7.3 Invoices for cash and credit Sales**

- a. Check issue of invoice books with the receipt book register
- b. Check total amount payable on each invoice
- c. Check issues with stock register
- d. Cross check the total amount of cash invoice into cash book and credit invoices for delivery of produce to buying firm where in use with personal account of purchaser in general ledger. Cancel and initial the invoices checked, date and initial the back of the last counter foil in each book.

### **3.7.4 Particulars of sales Book**

- a. Check all receipts and payments of each with duplicate cash

receipts and payment vouchers.

- b. Compile amount payable for produce sold according to approved price list.
- c. Cross-check amount paid to members for each sale into produce book.
- d. Verify total produce sold with total shown in produce book
- e. Compile from sales book a column of sales summary for each kind of produce sold during the year showing
  - (1) Sales No (2) Date (3) Name of Buyer (4) Grade 1 – Quality (5) Grade 2 Quality (6) Cash received (7) Cash paid to members
- f. Verify the details of Sales summary, tonnage sold especially where sales have been made through Union.

### **3.8 General Ledger**

- a. Check entries in general Ledger with cash book. A tick should be made on every item of the ledger checked into the cash book and a cross tick made on the item in the cash book.
- b. Unticked items not relating to cash should be checked into the ledger accounts concerned duly ticked and cross ticked.
- c. If either of two corresponding ledger items bears a tick in reference to invoice the matter should be probed into the Journal

### **3.9 Trial balance**

The cash book and general ledger should be cast in detail and should balance up to end of the previous financial year and /or to date, struck, tried with trial balance or checked into the one already prepared.

- a. Check the first entries in the new financial year and in respect of each new member into form A and B
- b. See that all receipts and payments have been ticked in respect of counter foil receipts and payment vouchers
- c. Cross check monthly analysis into the personal ledger, ticking in the personal ledger and cross ticking in the monthly analysis (Thrift and Credit society).
- d. Check total of each kind of saving, loans and withdrawals.
- e. Check monthly totals of monthly analysis with total monthly postings on each account concerned in the general ledger.
- f. Compile a statement at the end of the monthly analysis of members in respect of loan, ordinary savings, special savings etc.

#### **3.9.1 Register of Fixed deposits**

- a. Check with fixed deposit receipts and payment vouchers
- b. Crosscheck into personal ledger
- c. Check computation of interest.

#### **3.9.2 Personal ledger (Thrift and Credit society)**

- a. Ensure that every item in each personal account shows a tick in relation to monthly analysis
- b. Check final balance of each account with total authenticated

member's passbook and at least 10% of the number of accounts in respect of detailed postings.

c. Check interest or dividend due to monthly balance and see that they are correctly credited at properly.

d. Compile statements at the back of the personal ledger of members on shares savings, loans and deposit and check with trial Balance. If there is any discrepancy, trace and adjust

### **3.9.3 Personal Ledger (Marketing Society)**

a. See that every item of receipt and payment in respect of shares, savings, loans and produce delivered have been ticked in respect of duplicate cash receipts, payment vouchers and produce receipts.

b. Check total of savings with members passbook properly authenticated by the members 'thumb-prints.

c. When bonus on produce sold and interest have been given, check the computation and see that it is correctly credited to members accounts.

### **3.9.4 Loan Bonds**

a. Check amount of each loan principal on each bond into monthly analysis (Thrift and Credit Society) and personal ledger (Marketing Society).

b. Cross check into loan register

c. Check calculation of interest and installments and as compare repayment in Monthly analysis or personal ledger above.

d. Cross check into loan register

e. Trace all approval of loans into the minutes book or in the book applications for loans and initial the approvals as well as the loan bonds.

f. Check details given on loan bond in respect of members' credit worthiness according to their balance in the society or their produce sales into the person ledger.

### **3.9.5 Stock Register or Building, Equipment and Stationary Register**

a. Check all invoices or particulars of purchase into the stock register.

b. Check all issues of sales or otherwise from stock with sales or invoices books

c. Verify depreciation, according to fixed percentage of article in use.

d. Ascertain book balance of each article of stock and check with actual balances on stock taking

### **3.9.6 Final Accounts and Trail Balance to date**

When examination of ticking, and cross ticking of the individual books and records have been completed, the auditor should proceed to audit the final accounts, verify that trading and administrative expenses are properly charged and their outstanding

(e.g Bank interest, Audit fees) are correctly computed and brought to account. He should then check the balance sheet thoroughly.

### **Statistical Returns**

Check this into personal ledger, membership and attendant register and Sales Book. Verify all other particulars and sign in full.

## **4.0 SUMMARY**

In this unit, we have discussed the audit duties and auditing of cooperative societies, the purpose of audit, method of audit and audit duties. We further describe the inspection and checking report and auditing also payment voucher.

## **5.0 CONCLUSION**

This unit treats the audit duties and auditing of cooperative societies. It sheds more light on the purpose of audit, method of audit and audit duties and describe the inspection and checking report and auditing also payment voucher as among the core aspect of cooperative fieldwork.

## **6.0 TUTOR MARKED ASSIGNMENT**

Discuss the audit duties and auditing of cooperative societies, the purpose of audit, method of audit and audit duties?

## **7.0 REFERENCES**

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## **UNIT 2 PROBLEMS FACING COOPERATIVE AUDIT ORGANISATION**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 Problems Facing Cooperative Audit Organisation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Reading

### **1.0 INTRODUCTION**

In conducting a cooperative audit activity, the societies pay/should pay Audit and Supervision Fees (ASF) to the affected Cooperative Federations. The cooperative federation details audit personnel to conduct the audit check.

In some states, some societies are either unwilling to pay ASF or are unable to pay. In view of this, the Directors of Cooperatives introduced certain punitive measures to enforce the societies to pay ASF to their Federations. This ASF is used by affected organizations to pay the auditors salaries, transport fares, and buy materials for the effective execution of their jobs.

### **2.0 OBJECTIVE**

At the end of the study, the student would be able to:

Know the problems facing cooperative audit organisation

### **3.0 MAIN CONTENT**

#### **3.1 Problems Facing Cooperative Audit Organisation**

#### **3.2 Development Instability of the Organization**

In many cases the Cooperative Federations empowered under the law to carry out audit exercise' of cooperatives in their states have the problem of development inability. What this means is that at a particular time, the organization may engage in several development projects like sale of fertilizer to members, establishment of viable bakeries and fish ponds, engage in series of training programmes for Cooperators in the

State, possess fleet of vehicles for the execution of their programmes, etc. The running of these ventures only last for a few years.

Later, things might change negatively. The organization may run down totally to the extent that they will not be able to run any of the above mentioned projects again. This may eventually lead to government restructuring the organization, terminating the appointment of the key officers, and re appointing an administrator manager or chief executive officer the organization. It is clear that when the organization is in adverse situation like this it will be difficult for such an organization to maintain its staff as well as cooperative auditors. it will not be able to maintain its employed staff including cooperative auditors any longer.

The might lead to mass resignation or mass retrenchment of staff and cooperative auditors.

### **- Fraud embezzlement and misappropriation of funds**

Instance where fraudulent act, embezzlement and misappropriation of fund is prevalent in an organizations this erodes the organization its financial capability which creates a problem that will disallow the organization the continuation of the audit process.

### **- Irregular payment of salaries of Auditors**

The problems mentioned above can erode the organizations ability to pay the salaries of auditors regularly. In some cases, the Federation find it difficult to increase the salaries of the auditors along the line of other establishments. The allowances of the officers are not paid to them over a long period. Whenever some of them retire, they denied them their benefits. when provision is made attimes payment might be delayed and funds might not be available for them.

### **- Mass Resignation of Auditors**

Non-payment of salaries, allowances, benefits, stagnation in salaries review might lead to mass resignation of auditors. this may lead to the auditors leaving the Federations for greener pastures when they have got a lot of experience in the field and when the federations need their services most.

### **- Lack of on the job-training for the officers**

In the past, some Federations usually send the newly employed Cooperative Auditors to the Cooperative Colleges for training. For sometime now, this practice had stopped. This training was usually the only training programme they attend throughout the period they serve the Federation. In some cases, some Federations are not financially

strong to train their officers while some are not interested at all.

**- Lack of Proper Welfare for the Auditors**

These Cooperative Auditors suffer from delayed promotion. They may be on the same Grade level, salary or post for many years. This type of treatment does not encourage the Auditors.

**- Lack of Harmonization of this Arrangement all over the country**

In the Eastern and Northern part of the country, this arrangement does not exist. In the affected states, State Apexes are not yet in a position to perform this function for the Cooperative Societies.

The job of auditing, inspecting and supervision of Cooperative Societies are carried out by the cooperative assistants in the department of Cooperatives. The Cooperative Departments of the State Apexes are ripe enough to carry out this duty.

The job of auditing is more difficult in the eastern part of the country where different types of primary cooperative societies affiliate to a Union at the Local government level.

**- Audit and Supervision Fees not calculated on cost effective or on cost Plus basis/inability to meet cost of Auditing.**

The ASF paid by Societies audited by Federations are too small. The fee is not cost effective; it does not meet a fraction of the cost of carrying out the audit exercise by the Cooperative Federations.

It had been argued that the ASF should be calculated on cost plus basis to enable the Federation carry out the duty to be able to remain on the job.

However, many societies which do not make surplus find it extremely difficult to pay Audit and supervision fee.

**- Societies are more than the available auditors**

As a result of inability of some Federations in the Western part of the country to employ enough auditors, the ones employed cannot audit all the existing societies. Inability of the Federations to pay the auditors good salaries and welfare package, pave way for the auditors to resign their appointment with the Federations en-mass. As a result of this many societies were not audited for a long time.

**- Collection of ASF without Auditing**

Some societies pay ASF to their State Federations but in return, these

societies are not audited. This is just like paying for services not rendered. The Federations on the other hand cannot audit some societies as a result of the problems the federations are encountering.

#### **- Lack of Transport Facilities for Auditing**

The Federations in some cases cannot provide Cooperative Auditors with Transport facilities or allowances to enable them carry out their duties effectively.

### **4.0 CONCLUSION**

This unit has discussed the problems facing cooperative audit organization in cooperative fieldwork as it affect the success of cooperative societies.

### **5.0 SUMMARY**

There is need for the reader to be conversant with the problems facing cooperative audit organization in cooperative fieldwork as it affects the running of cooperative societies.

### **6.0 TUTOR MARKED ASSIGNMENT**

What are the problems facing cooperative audit organisation

### **7.0 REFERENCES**

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## **UNIT 2      ARBITRATION**

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### **1.0 INTRODUCTION**

Arbitration is the settlement of dispute in a cooperative society. This dispute must touch the business of the registered society. The dispute may be between present or past members, and the committee members or any other officer in the cooperative society. The Director of Cooperative is the arbitrator of cooperative societies but he can delegate this power to an officer in the department of cooperatives or the cooperative assistant.

### **2.0 OBJECTIVE**

At the end of the study, the student would be able to:

Understand the appointment of an arbitrator by the director, activities of the Arbitrator after appointment, conduct of arbitration,

Describe the significant of giving an award, distribution of the award and enforcement of arbitration award

Mention the advantages of arbitration over law Court proceedings

Steps for settlement of dispute are usually taken before arbitration

### **3.0 MAIN CONTENT**

#### **3.1 Appointment of an Arbitrator by the Director**

When there is a dispute in a registered cooperative society, the members will apply for arbitration to the Director through the area officer by completing a form 'A' he will appoint an Arbitrator with form 'B'.

The Arbitrator so appointed must be an impartial judge, he must have a good knowledge of the Cooperative laws, Principles of Cooperation and the Bye laws of the society. Apart from this, he must be equipped with the knowledge of court proceedings, the workings and constitution of the societies involved in the dispute. By this appointment the Arbitrator becomes a magistrate.

#### **The Arbitrator and a Non-Member**

When a dispute arises between a society and a non-member, the Auditor(Arbitrator) has no power to hear the case. The solution to this is to take such case to the law court.

Similarly, if a dispute arises between the society and an ex-employee of the society, the dispute is better settled at the law court except he agrees to submit himself to Arbitration.

#### **3.2 Activities of the Arbitrator after Appointment**

The Arbitrator will open a file from which all correspondence relating to arbitration are written or the ones received are kept. The next step is to serve notice of hearing to the parties. This is usually done on 'form C' and at least 10 days notice shall be given to them.

It is important for the arbitrator to ensure the notice of hearing is received by the respondent and the complainant. This will be done in the following ways:-

- The notice may be given to the person concerned by hand. This is one of the surest ways of ensuring the notice of hearing had been received.
- It may also be left at the last place of abode of the person or in the business premises of the person concerned. The notice may also be given to an adult member of his family or the family head.
- If the address of the person is known, the notice can be sent to him under a registered cover. The sender must obtain a receipt of registration.
- The notice can be pasted at a conspicuous place where it is sure

the person will read it.

This can be his place of abode or his business premises where the notice had been delivered personally, the serving officer shall demand for a receipt from the receiver. Where it was sent by a registered cover and it was rejected, it would be assumed the notice had been received. In any case, when it had been assumed, or the notice had been assumed to have been received, Arbitration can proceed and any award given after the Arbitration will be binding on the parties.

If there is any need for an extension because the Arbitration cannot hold on the proposed date, the Arbitrator must apply to the Director of Cooperative for an extension, giving reasons for the application.

### **3.3 Conduct of Arbitration**

Dispute may arise as a result of non-payment of loan taken by a member of the society, past member or deceased member of the society. A dispute may also arise if a Committee member, any officer, the Secretary, Treasurer defrauds the society or misappropriates the society's money.

Dispute can be settled in a conducive place, such as in the Cooperative premises, hall, on an open place. The arbitrator must have invited the complainant which can be the society and the respondent which can be a member or another society. The Arbitrator must have known what the dispute is and must have gone through relevant records to inform himself about the dispute.

The arbitrator will first and foremost invite the complainant to state his case with a support from the witness(es) who will support the statement of the complainant. This will also be supported with exhibits by the complainant. The witness will be names witness I, II, III, IV, etc. He will maintain his number even, when recalled and the exhibits will also be named exhibits A, B, C, D, etc.

The evidence will be recorded in first person. The exhibits or documents should be initialed by the Arbitrator. Evidence presented to the Arbitrator should be supported with relevant documents like the relevant books and records. In like manner, the respondent(s) will be allowed to state their side of the case.

This must be supported with material facts from the witness and the presentation of exhibits and witness will be named as stated above and the exhibits and documents will be initialed by the Arbitrator, Exhibits and evidences presented should also be supported with relevant documents.

When the Arbitrator is satisfied that all statements have been heard and recorded, all witnesses examined and cross examined, all exhibits produced and all relevant documents presented, he can then close the recording of the evidences.

However, before this, the Arbitrator must ensure that the proceeding is recorded in first person.

He should ensure that original documents belonging to the society should not be attached or submitted during the proceedings but certified true copies.

It should be noted also that when a party dies before the date of the hearing, the case against the dead party should be struck out.

### **3.4 Giving an Award**

The arbitrator must table all statements, evidences, exhibits of the respondents, complainants, all witnesses and consider the importance of the exhibits and documents presented. With all these, he can now give an award. An award can be likened to judgment given in the law court. This award comes after the arbitrator must have made his findings.

The award or judgment is always recorded on award form 'D'. In giving the award, the arbitrator should use facts based on the Arbitration. He must not be based in his judgment; it must be based on justice, equity and good conscience.

The award must be read and served on each party. An award must declare a party right, not guilty and made to receive compensation from the guilty party. In a situation where the society is found guilty, she may be asked to make good her indebtedness to the member(s). If in a cooperative Thrift and Credit Society, some members are indebted to the Society and are unwilling to repay, thereby resulting in over-due loan, the Arbitrator may give an award ordering the loan defaulters to repay the loan within a given period of time or else their property will be sold by a public auctioneer to settle the members' debt.

### **3.5 Distribution of the Award**

Copies of the award of the Arbitration will be given out as follows:

- One copy each to the two parties
- One copy each to area and zonal officers
- Two copies together with three copies of type written

proceedings, a hand written copy plus the arbitrator's file will be sent to the director of cooperatives.

### **3.5.1 Appeal against the Award**

At this juncture, the director of cooperatives will receive the award. Before the director approves the award and ensures it is effected, the party that is not satisfied with the award can appeal to the Commissioner (if at state level) or the minister in charge of Cooperative (if at state level) within thirty days of the award. The minister or commissioner will now invite the Director of cooperatives in charge for briefing.

After this, the minister or commissioner will decide whether to reverse the award or uphold the award. The decision of the minister or the Commissioner shall be final

### **3.6 Enforcement of Arbitration Award**

If an award is not heeded to, that is if the members refused to pay their debt to the society on the given dates, then the society in whose favour the award had been given can now proceed to the law court to enforce the award.

This will be done when the party in whose favour the award is given sends a copy each of the original award "form D" with affidavit forms (collected from the law court to the Arbitrator).

When the Arbitrator receives these, he will complete the affidavit forms and attach the copy of the original arbitration Award "Form D" and swear to the affidavit before a commissioner of oaths at a competent court of law that the award is done in good faith and without bias and that the Director of Cooperatives had approved the award.

The Arbitrator will then send the documents that is the affidavit sworn to and the Arbitration Award Form "D" back to the successful party who now will refer them to the law court through a practicing lawyer.

He will file this case in a court of competent jurisdiction and consequently pray the court to confirm the award.

After this step, the court may give the unsuccessful party the last chance to respect and honour the award by giving him a deadline. If this deadline is not heeded to, then the successful party will settle the debt and a courts bailiff will execute this.

## **Concluded Arbitration**

“A concluded arbitration is an arbitration which has been conducted, award given, enforced and the desired result, that is recovery of all the debts has been accomplished.

### **3.6.1 Lack of Enforcement of Arbitration Award**

In some parts of the country, Cooperators complain of their inability to secure enforcement of Arbitration Award. Even the Directors of Cooperatives in some States of the Federation complain of their inability to get the support of the courts to ensure Arbitration Awards are enforced. In some quarters also, the courts consider “Award” given after arbitration to be invalid or inferior or that the Arbitrators are not competent under the law to carry out Arbitration.

But what is very clear is that the Director of Cooperatives or any of his staff appointed to carry out the assignment is the most qualified to carry out the exercise.

This is because they are equipped with the knowledge of cooperative law, principles of Cooperation, the bye-laws of the society and they understand how the business operations of the cooperative societies are carried out. These areas may not be known to a lawyer or judge in the law court. They are not specialized in cooperatives. It is also clear that the Nigeria Cooperative Society Decree of 1993 gives room for Cooperation on legal matters between the Minister or Commissioner and the Director of Cooperatives on one part and the court on the other. This is stated in section 50 of the Nigerian Cooperative Societies Decree of 1993.

With this in mind, to enforce Arbitration Award in any part of the country should not be a problem. If there is a problem, it means somebody somewhere is not doing his or her job properly. In certain cases, it is members of the concerned Cooperative Society that do not make moves or steps to ensure Arbitration Awards are enforced.

### **3.7. Advantages of Arbitration over law Court proceedings**

Except where a competent Arbitrator is not chosen or where the Arbitrator is already biased, Arbitration has no disadvantage over court proceedings in settling disputes among Cooperators. One should remember that the disputes that require Arbitration are disputes that affect the business of the Cooperative Society.

### 3.7.1 Advantages of Arbitration

**This is as follows:-**

**- Arbitration is quicker than court action**

Arbitration is quicker than court action. It is devoid of all the legal formalities like getting the services of a legal practitioner, accused being accompanied by the Police, long case adjournments are lacking in Arbitration.

The Arbitrator gets into the root of the problem and delivers his award within a short period to appeal to the minister or commissioner after which the decision of the minister or commissioner is conclusive and final.

**- Arbitration is less complicated**

With some of the reasons mentioned above, Arbitration is less complicated. Bureaucracy is avoided in Arbitration. Filing of unnecessary forms, the involvement of court registrar, standing in court cages to make statements, bribery, etc, are avoided in Arbitration.

**- Arbitration is normally handled by Professionals**

The Director of Cooperatives or the person appointed by him to carry out Arbitration is usually a person who has an expert knowledge of the subject matter, Cooperative laws, principles of Cooperation, bye-laws and the day to day running of the society. He is usually a person with vast Cooperative knowledge.

**- Arbitration is usually done in privacy**

The proceeding of arbitration is usually done within the member of the Cooperative Society. Non-members and pressmen are not usually invited. The sitting is not usually made public, not publicized in the radio, television or the newspapers.

**- The Venue of Arbitration is always conducive**

The venue of Arbitration is usually located where the members, the parties concerned can sit and relax comfortably. It can be done in a hall, in the premises of the Cooperative Society, on a plain ground, on the field, etc. Even, members can be served food and drink during Arbitration.

### **3.8. Steps for Settlement of dispute usually taken before Arbitration**

Several steps are usually taken before arbitration takes place. Such steps include contacting the parents, the elders in the town or village where the person on whom dispute is to be declared lives. The wife, friends are also usually contacted so that they can appeal to him/her to make good the matter that is causing the dispute before Arbitration is introduced.

The area officer of the society to which the member is indebted (if this is the reason for which arbitration is to be declared) can write the debtor to pay up the debt at a stipulated time or else a dispute will be declared on him and a judgment will be made thereafter which cannot be contested in the law court. It would be stated also that non-compliance with the award (which would be enforced by the law court) will be understood as contempt of the court. The end result will be the sale of the personal property of the defaulter by a public auctioneer to liquidate the debt and other expenses that may come into being in the process.

#### ***- No judges and lawyers during arbitration***

Both the plaintiff and the respondent do not need to get the services of lawyers during Arbitration. This makes it cheaper and easier.

#### ***- It is easier and cheaper to organize***

Expenditure is limited before, during and after Arbitration. All expenses involved in court proceedings are avoided during arbitration.

#### ***Seizure of loan defaulter's property by the Management of some Societies and Unions/Neglect of arbitration.***

In order to ensure quick justice, the management of some societies or Unions advocates seizure of property until defaulters pay. In cases where the loan defaulters cannot repay, the seized items are sometimes auctioned to recover the society's / unions money. This action is contrary to the process of arbitration which is the normal way of recovering loan in cooperative societies. At times, this seizure of property is done in company of some law enforcement agents.

### **Demand for Collateral Security and Sureties by Societies**

Some Societies ask Loan Applicants (e.g. C.T.C.S) to present collateral security and two sureties who must be members before they can be given loan.

This development is as a result of unpatriotic attitude of some members who take loan from their societies and run away or refuse to repay the loan.

#### **4.0 CONCLUSION**

This unit has discussed the appointment of an arbitrator by the director, activities of the arbitrator after appointment, conduct of arbitration. The significant of giving an award, distribution of the award, enforcement of arbitration award also highlight the advantages of arbitration over law Court proceedings and steps for settlement of dispute are usually taken before arbitration.

#### **5.0 SUMMARY**

Arbitration is the settlement of dispute in a Cooperative Society. This dispute must touch the business of the registered society. The necessity of appointment of an arbitrator by the director in carrying out their activities and conduct of the Arbitrator the Advantages of Arbitration over law Court proceedings, Steps for Settlement of dispute usually taken before Arbitration enforcement.

#### **6.0 TUTOR MARKED ASSIGNMENT**

Discuss the Appointment of an Arbitrator by the Director and activities of the Arbitrator after Appointment?

What are the significance of giving an award and distribution of the Award?

Mention the Advantages of Arbitration over law Court proceedings and the Steps for Settlement of dispute are usually taken before Arbitration?

#### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 4 LIQUIDATION AND DISSOLUTION**

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- 2.0 Objectives
- 3.0 Main Contents
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  - 3.2 Factors that can lead to liquidation
  - 3.3 Types of Dissolution
  - 3.4 Appeals against Dissolution/Liquidation
  - 3.5 The Director of Cooperative as the Liquidator for cooperative
  - 3.6 Liquidation Procedure Cooperatives
  - 3.7 Preparation of Liquidation Report and Submission of Report
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- 3.9 Amalgamation Of Cooperative Societies
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### **1.0 INTRODUCTION**

The process of liquidation involves activities of winding up the business of a cooperative society. Liquidation comes up when a society is dormant, dead or when it can no longer meet the demands of the creditors or when it is bankrupt.

### **2.0 OBJECTIVES**

At the end of the study, the students would be able to:

- understand the liquidation and dissolution, factors that can lead to liquidation
- identify the types of dissolution, liquidation procedure cooperatives
- know how to appeal against dissolution/liquidation, the director of cooperative as the liquidator for preparation of liquidation report and submission of report and preparation of scheme of distribution

### 3.0 MAIN CONTENT

#### 3.1 LIQUIDATION AND DISSOLUTION

The first step in the process of liquidation is for the Director of Cooperatives to dissolve the society. This dissolution will involve the withdrawal of the society's certificate of registration, members will as from that moment be rendered inactive. The business of the society will come to a halt. Thereafter, the liquidator will proceed with his job.

#### 3.2 Factors that can lead to liquidation

- **Starting the Cooperative Society without a sufficient large number of well-informed members** When a Cooperative Society starts uninformed members or illiterate, they will not know how to run the operations of the Cooperative Society; they will not understand the principles and methods of the Cooperatives. This group of people needs a lot of Cooperative education over a long period before they can improve. But if they refuse to acquire the necessary education and knowledge over certain period, then the society will have no option to fold up. Illiterate members will not be able to run the Cooperative business and the end result will be failure.

- **Starting the cooperative society without reasonable assurance of a business turn over sufficient to carry overhead cost**

When the members form a cooperative society without reasonable assurance of business turn over enough to carry overhead costs over a long period, the result be the death of the society.

In a simpler form, if the society is involved in a business venture and the all return is not more than the overhead cost, if this situation persists over a long period, the society is bound to fail.

- **Starting with too little capital**

If a Cooperative Society is started with too little capital especially cash, the society is heading towards failure. The society needs enough capital to operate, but if the members are so poor that the total Capital contributed is not enough to start any tangible business, then the society will soon collapse.

- **If members are in undue haste in securing a charter, in drafting and adopting a bye- law which will create serious handicap and difficulties for the members of the society in future.**

If it happens that members of a cooperative society form a society that is not the one that solves their common problems, they are bound to fail. Also, in addition to the above, if the people adopt unsuitable bye-laws which in the end they cannot utilize to achieve their aims, or abide with, then the society will not be successful.

- **Violation of Business Principles**

Members of Cooperative societies must understand that cooperative

societies are business organizations and as a result must abide by business principles if they have to be successful. In a CTCS, Loan must be given out to members only for productive purposes. If this is violated, the member – borrowers may not be able to repay the loan.

Also, in this type of society, the maximum credit limit should not be exceeded when giving loans to members.

In addition, overdue loans must be drawn back into the society by all means.

The use of loans should also be controlled. In consumer cooperative societies, stock control should be regular, dishonest staff that pilfers the goods in the shop or misappropriates the societies' money should not be tolerated. Generally, the society's cash should always be safeguarded the transaction of the society should always be recorded in the appropriate books and records.

A well qualified secretary or manager should be appointed and the society should build up reserves. All these are example of business principles to be adhered to if the society wants to be successful.

**- Cutting Prices of goods instead of Selling at Market Prices or selling Inferior goods**

When a consumer cooperative society is in operation, they should sell their goods at current/market prices and should not under any condition in an effort to offer cheap goods sell below market prices. Cooperatives should also not sell inferior goods but specialize in selling quality goods.

**- Poor Business Management**

The management of cooperative organization should give priority to rendering maximum services to the members and should not place priority on making profit at the expenses of rendering services to the members. Also, the management of the society should not run the society as if the business belongs to them, they should realize that they are running the society on behalf of the members.

The Secretary/Manager should not empower himself unnecessarily, he should remember that he is to serve the interest of the members. The members should employ competent hands to run the affairs of the society. They should not employ an employee on social considerations like giving job to an unqualified person who is a relative of one of the members.

**- Lack of Proper Control**

The cooperative society should subject itself to regular inspection and checking by cooperative assistants and auditing by Cooperative auditors. When this is done, the activities of these two personnel will check the activities of the members and management of the society and will enable them get regular rewarding pieces of advice that will make the society grow.

All the factors given above can lead to the dissolution and an eventual liquidation of a Cooperative Society.

### 3.3 Types of Dissolution

There are three types of Dissolution

#### - *Automatic Dissolution*

- a) The Nigerian Cooperative Societies Law section 38 Subsection 1, states that if the membership of a Cooperative Society fall below ten that is stipulated by the law, this can lead to automatic dissolution.
- b) An automatic dissolution can also take place if the society is given a specific duration at its onset. By the time the society has spent the number of years it is expected to spend, then automatically, the life of the society comes to an end.

#### 3.3.1 Voluntary Dissolution

- a) If a Society had achieved its objectives and serves no useful purpose for the members again, then the members will no longer be interested in the continual existence of the Society. This type of situation tracts voluntary dissolution. The members will be disinterested in the continual existence of the society and the Director of Cooperatives has to wade in to withdraw the certificate or registration of the society, order its dissolution and liquidation.
- b) A voluntary dissolution can also take place if two societies decide to amalgamate (join together). The parent societies will be dissolved and their certificates of registration will be withdrawn by the Director.
- c) If members have lost interest completely in the affairs of the society and they don't partake in any affair of the society any longer, then such a society can be categorized under those that would be involved in voluntary dissolution.
- d) Whenever the society is experiencing recurrent losses of Capital through disinvestments, unrecoverable misappropriation of funds, embezzlement, writing off of debts for one reason or the other and if these persist for a long time, the society may be forced to a standstill and may lead to dissolution and liquidation.
- e) The members of a cooperative society after considering the situation of the society and are satisfied that the society is not in a position to recover from its problem, may at a general meeting request for dissolution. This had to be agreed upon by  $\frac{3}{4}$  of the members of the society. After that they will now apply to the Director of Cooperatives voluntarily to dissolve their society.

#### 3.3.2 Compulsory Dissolution

A compulsory dissolution and eventual liquidation may take place if the society experiences the following: -

- a) If the cooperative society is involved in a political or religious activity in a way that causes intolerable trouble or situation, this can lead to dissolution. In a situation where there is a political and religious turbulence taking place within the members to an extent that it becomes impossible for the members to work together any longer, then the Director of Cooperatives can order the dissolution and liquidation of such a society.
- b) This dissolution can take place if proper functioning of the Cooperative Society becomes impossible. Such situation can arise if there is a gross violation of the Cooperative laws. Principles of Cooperation and Bye-laws of the society in such a way it ruins the society.
- c) A society that can no longer meet the demands of its Creditors, that is heavily indebted and cannot meet its liabilities. The Creditors may call for the liquidation, of such Cooperative society. This can be achieved if they can convince the Director of Cooperatives to order the liquidation of the Society.
- d) The result of an inquiry instituted on a Cooperative Society by the Director of Cooperatives may force the Director to order the dissolution and liquidation of the Inquiry is not favourable on the society. In this case, the Director will make an order in writing to the Society for its cancellation.

### **3.4 Appeal Against Dissolution/Liquidation**

Except where members of a Cooperative Society voluntarily ask for dissolution and liquidation, whenever the Director of Cooperative writes a Society to inform the members of an impending dissolution and liquidation of their society, the members have the right to appeal to the Minister (at the Federal level) or the Commissioner (at the State level) within two months from the date the order is made. If an appeal is made, the order of the Director will not take effect until the Minister or Commissioner gives approval or disapproval for the dissolution and liquidation. If an appeal by the members is not made within two months of which the Director had given order for dissolution, the order of the Director shall take effect at the expiration of the two months.

### **3.5 The Director of Cooperative as the Liquidator for Cooperatives**

The director of cooperatives is the liquidator for cooperatives. The cooperative law gives this power to him. However, he has power to delegate this power to one of his subordinates. One of such people is the Area Officer or the Cooperative Assistant who can be appointed a liquidator.

Whenever someone is appointed a liquidator, he is normally given

a letter of appointment, which will state his terms of reference. Before the liquidator starts his job, the director of Cooperatives will cancel the Certificate of Registration of the Society.

As a result of the cancellation of certificate, the society ceases as from that moment to exist as a corporate body from the date on which the order takes effect. This date is normally referred to as “the date of dissolution”.

### **3.5.1 Activities of the Liquidator after his appointment**

- The liquidator appointed must subject himself to the guidance and control of the Director of Cooperatives. He must subject himself also to the limitations given to him.
- He would report at the premises of the society and take possession of all assets owned by the society. Other things he would take possession of include the books, records, documents of the society.
- Taking into consideration what the bye-law says, he would decide on the contributions to be made by present, past or deceased members to the assets of the society.
- He would make a notice in the Federal/State Gazette as the case may be appointing a day on which creditors whose claims are not yet recorded in the books and records have to make their claims, if not their claims may be excluded from claims accrued to creditors as a result of liquidation.
- The liquidator has to carry on the business of the society. This is only for the purpose of winding the society up. In a CTCS for an example, he should not issue out loans to members.
- Within the list of creditors, the liquidator has a duty to list in order of priority the society creditors.
- Any dispute that arises before and during the liquidation is to be settled by Arbitration. He is also to defend and institute suits on behalf of the society.
- He has the power to call meeting of members whenever he feels it is necessary. The notice of such meeting shall be at least fourteen days.
- He should schedule the distribution of the Society’s assets as he deemed fit. The distribution scheme has to be approved by the Director of cooperatives.
- He should sum up the cost of liquidation and to name whoever would bear the cost of liquidation.

### **3.6 Liquidation Procedure**

- It is important to note once more that the liquidator should be a person with the knowledge of Cooperative law, principle of Cooperation and the Society’s byelaws.
- The next step for the Liquidator is to open a liquidation file for the

society wherein all the documents and correspondence in relation to the liquidation will be kept.

- He should next get information about the names and addresses of the Society's Officers from the Cooperative Assistant in charge of the Society.
  - He should plan a visit to the society and he should inform the members of the society on the proposed visit giving them a fortnight's notice.
  - He should write the officers informing them of his intention to take charge of the books and records of the society and to warn them not tamper or allow anybody to tamper with the books and records.
  - Few days to the Annual General Meeting(AGM), he should then proceed to the Society's premises/liquidation venue. Take charge of the Societies books, records and documents including the society's certificate of registration. If there is any problem in obtaining the books and records he should inform the Area Officer in charge. He should also acknowledge the receipt of the books and records by giving the members receipts for them.
  - He should ascertain the names and addresses of the Society's Creditors and a Creditors list must be prepared. This is usually done a month after the cancellation of the society's Certificate of Registration. The list will be sent to the Director of Cooperatives who will ensure the list is published in the official Gazette. A copy of this list will be sent to the Area Officer in charge of the society.
  - The notice that is published in the official Gazette should give information about the date of notice which is usually the date the notice was sent to the Director of Cooperatives and date before which the Society's Creditors must submit their claims from the Society to the liquidator.
  - The liquidator will call for a General Meeting giving the members two weeks notice of the intention to hold the meeting.
  - At the Annual General Meeting(AGM), the liquidator will explain reasons for the liquidation to the members and he would appeal for the Cooperation of all members and officers of the society.
- After taking possession of the books and records, he should ensure that the transactions of the society are entered into the appropriate books and records up to date and he should enter up/verify the books as follows:-

He should update the transactions in the cash book and the General ledger with the aid of receipts, payment vouchers and passbook He should verify:-

- Cash Balance as per cash book against actual cash in hand.
- Value of stocks against physical stocks.
- Bank balance against bank statements.

- Members balance against passbook.
- Creditors balances against any statement of account available.
- General ledger against personal ledger.
- Debtors balances by inviting or interviewing debtors.

After the above activities, the liquidator will prepare an income and expenditure account (as at the date of commencement of liquidation)

By doing this, balances of all nominal accounts as at that date should be transferred to the Income and Expenditure Account. The balances of the account which will be profit or loss up to the date should be transferred to the summary Reserve funds.

The liquidator shall open a realization account as at that date should be debited with the book value of all assets except cash as at date of commencement of the liquidation. The expenses of the liquidation will also be debited with this account while that of the sum realized from the various assets from the cash account will be credited with the account.

A cash account will be maintained with the opening balance of cash in hand at commencement of liquidation. All cash paid out or received will be entered into the account.

- All transactions affecting savings, Deposits, loans, etc, should be posted directly to the Personal Ledger Account. Then, the summaries of the Personal Ledger balances should be used for the trial balance of the society.
- The next step is to open a summary of Reserve funds etc account. This account will be credited with the balances of all Reserve and similar funds account and the balances of income and Expenditure/Realization account mentioned above where there are surpluses on these accounts. Where there are losses on these accounts, the reserve fund account summary will be debited.
- The liquidator will prepare a final list of creditors especially when the date given in the Gazette had been met. In doing this, if there is any genuine creditor whose name had not been recorded in the Society's books emerged, a personal account will be opened for him. This account will be credited with the amount the Creditor is claiming and the Society's reserve fund account will be debited.
- Efforts should be made to realize all the Society's available assets.
- He will decide whether to call on members/past members to pay some money into the society depending on the maximum liability of members as the (especially where assets realized are less than the book values) byelaws of the Society state.

He should note:

That in the scheme of distribution which he prepares, members

shareholding should not be in the same group with members deposits, savings, etc.

### **3.7 Preparation of Liquidation Report and Submission of Report**

At the end of the first meeting for the liquidation of the Society, the liquidator will write his first report on the liquidation and submit to the Director of Cooperatives and the Area Officer in charge of the society.

The registration certificate of the society and the registered byelaws should accompany this report. The report should also give information about action taken so far and the problems encountered in the process of liquidation, expenses incurred, the trial balance of the society and personal list of creditors.

Others are personal list of debtors, request of what to do on matters like the custody of society's cash, withdrawal of money in the society's bank account, and realization of the society's investments. After the submission of the above mentioned report, monthly reports will be sent regularly to the officers mentioned above until the completion of liquidation, these monthly reports should give information about developments like new creditors emerging, trial balance, transcript of realization and cash accounts.

#### ***Order of Disbursing Claims***

The funds of the Society including the reserve funds shall be applied according to the laid down priority of claims. The first claim to be met is that of the cost of liquidation (should be credited to the realization account). The next one is meeting the society's liabilities (including that of the creditors).

The third one is the payment of share capital to members. The payment of a dividend at the rate not exceeding 5% per annum for any period for which a disposal of profit was made is the fourth priority.

After meeting all the above mentioned claims, any surplus fund left over shall be distributed to members in accordance with the bye-laws of the society.

This is usually used to promote local, public utility or cooperation. It may also be used to meet the claims of the society's employees, contribution to Federal, State or local government bodies, meeting claims from non-members and lastly any other claim due to member.

### **3.8 Preparation of Scheme of Distribution**

The liquidator will prepare a scheme of distribution which would

be sent to the director of cooperatives for approval. When this has been approved, the liquidator should carry out the distribution as laid down in the scheme of distribution without any delay.

Every payment should be with the appropriate payment voucher which should be signed by the receiver and this should be filed. Where monies are sent through the bank, the duplicates of tellers should be kept in the file.

In case money is collected by somebody authorized by the creditor to collect money on his behalf, the person should be made to sign the payment voucher and the document with the letter of authority should be well kept and filed.

### ***Closing of the Society's Books***

After the distribution exercise, the books of the Society will be closed. At this juncture, the books will show the cash balance. Unclaimed monies can be kept with the union to which the society is affiliated (to be disbursed whenever the owner asks for it).

### ***Closing of Liquidation***

When the liquidation exercise comes to a close, a notice of closure shall be published in the Federal or State gazette. After this notice, no published claim against the funds of the society liquidated shall be entertained after two years of this notice. This brings the liquidation exercise to an end.

A distribution statement shall be sent to Director of Cooperatives and the Area/Divisional officer in charge.

## **3.9 AMALGAMATION OF COOPERATIVE SOCIETIES**

Amalgamation of Cooperative Societies means the merging of two or more Cooperative Societies which have the same objectives into one single society. In this case, one society is to transfer its assets and liabilities into the absorbing society.

In addition, the absorbing society will retain its name. In some other cases, both societies may decide to take a new name. In such circumstance, the registration certificate of both societies will be cancelled and withdrawn by the Director of Cooperatives.

When Amalgamation is to take place, in order to protect the interest of the members of the society and that of the Creditors,

amalgamation needs the approval of the Director of Cooperatives. It is also the duty of the Director of Cooperatives either at the Federal or State level to supervise and guide the societies in the process of amalgamation.

If the Director of Cooperatives appoints someone to do the amalgamation, he would have to give guidelines to the officer so appointed.

### **3.9.1 Activities of the Amalgamator after appointment**

- The Officer appointed to do the amalgamation should acquaint himself with the Cooperative law, principles of Cooperation and the society's byelaws. This would assist in the ability of the officer to be able to do the job effectively.
- The members of the society must apply for amalgamation to the Director of Cooperatives.  
This application for amalgamation must be supported by a report on the special general meeting wherein the resolution to amalgamate had been proposed and passed.
- The officer should ensure that the evidence to show that enough notice (as required by the bye-laws of the society) had been given to its members and that the meeting of the members had been summoned for no other purpose than that of amalgamation.
- He should note the total number of member in the society that is affected by the amalgamation. This information can be got from the membership and attendance register.
- In the meeting, where a resolution for an amalgamation is made, two thirds of the members present in the meeting should agree to the amalgamation. Also, the Creditors of the society should agree with it, otherwise the Creditors of the society may demand for the payment of their money owed by the society before any amalgamation can take place.
- In the resolution of member, the mover, seconder and number of votes cast in favour of the amalgamation should be well recorded.
- The basis for the fusion of assets and the liabilities of the societies should be spelt out.
- The Area of operation of the new society is to be spelt out. In addition, members who will constitute the new society should be well recorded.
- Some members of the society may not agree to the amalgamation. Such members should signify their intention not to be members of the new society within a period of two months from the receipt of the copy of the preliminary resolution of the society.

- After the first meeting of members, the society will hold a second special general meeting on the amalgamation to confirm the resolution passed on the amalgamation in the first special general meeting.
- The officer doing the amalgamation must ensure that a copy of the preliminary resolution had been sent to the members of the society and the society's creditors.

After all the above conditions have been met, then, the amalgamation of the societies can take place. The amalgamation is deemed to have taken place when in addition to the above conditions, the Director of Cooperatives registers the new society. "the registration of the new society shall operate to vest in it all the assets and liabilities of the original societies."

#### **4.0 CONCLUSION**

This unit discussed the liquidation and dissolution, factors that can lead to liquidation Identify the types of dissolution, liquidation procedure cooperatives know how to appeal Against dissolution/liquidation, the director of cooperative as the liquidator for preparation of liquidation report and submission of report and preparation of scheme of distribution.

#### **5.0 SUMMARY**

The process of liquidation involves activities of winding up the business of a cooperative society therefore there is need to understand the liquidation and dissolution factors that can lead to liquidation and Identify the types of Dissolution/Liquidation Procedure Cooperatives also know how to appeal Against Dissolution/Liquidation, the Director of Cooperative as the Liquidator for Preparation of Liquidation Report and Submission of Report as well as preparation of Scheme of Distribution.

#### **6.0 TUTOR MARKED ASSIGNMENT**

1. Discuss the liquidation and dissolution and factors that can lead to liquidation?
2. Identify the types of Dissolution and Liquidation Procedure Cooperatives?
3. How do we appeal Against Dissolution/Liquidation?

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**MODULE 4**

Unit 1	Preparation of Report
Unit 2	Supervision and Control of Cooperatives
Unit 3	Computer Applications to Cooperative Fieldwork Administration
Unit 4	Organizing, Administration, History and Prospect of Cooperative Fieldwork

**UNIT 1 PREPARATION OF REPORT****CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Contents
3.1	Purpose of Report
3.2	Nature of Report
3.3	Classification of Reports
3.4	Progress Report
3.5	Economic Survey Report
3.6	Factors to be Considered when Writing an Economic Survey Report
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
7.0	Reference/Further Reading

**1.0 INTRODUCTION**

Many reports are usually written on cooperative societies. Most of these reports are written by the cooperative assistants. Some of them are written by the area officers to the zonal officers or to the director of cooperatives. When Cooperative Assistants write reports on societies they supervise, the reports are usually written to the area officer who will read the reports and take necessary steps on the report at his discretion or consult with the Zonal Officer/Divisional Officer or the Director of Cooperatives before taking the necessary action.

**2.0 OBJECTIVES**

At the end of the study, the student would be able to:

- understand the purpose of report and nature of report
- how to classify of reports, process report and make economic

- survey report
- consider factors necessary in writing an economic survey report

### 3.0 MAIN CONTENT

#### 3.1 Purpose of Report

Reports are written on societies to assist them in keeping their affairs in order. By reading reports written on cooperatives societies, it is possible to know what to do further so that the stated objectives of the organization can be realized.

Reports always point to what is actually taking place in the society. It also alerts members, and the management of impending problems before the situation in the society becomes uncontrollable.

Reports can also be used to measure what had been achieved or what can be achieved in future as far as the business of the society is concerned.

A report like progress report can be used to monitor the progress made so far by the Society.

Also any action of the society that will give a contrary result to the expected objective of the society will be identified.

#### 3.2 Nature of Report

Reports serve as mirrors which reveal the progress or otherwise of Cooperative Societies. Reports would as a result, be regular, factual, firm or concrete, in order to be able to serve the purposes mentioned above.

**Reports as a reflection of the ability of the reporting officer and progress of the society** Cooperative Assistants who are usually referred to as reporting officers must submit their reports on Cooperative Societies allocated to them to their superior officer. The report will reveal the progress so far made by the society and the problems confronting it. The superior officer gives instruction to the reporting officer on how to tackle the problems confronting the society. The report will also enable the superior officer to assess the ability of the reporting officer towards the progress and capability of the management.

#### 3.3 Classification of Reports

There are various types of reports usually written when

Cooperative Assistants visit Cooperative Societies and attend their meetings.

### **Preparation ‘A’ Inspection Report**

‘A’ or Inspection Report is usually a comprehensive report on the situation in a cooperative society.

The situation can be good or bad where the report must reveal facts about the administration, management of the business, finance and accounts of the society.

In preparing the report, the officer must comply with the Cooperative law, principles of Cooperation and the Society’s bye-laws. The report usually gives the result of the society’s business operations and it is normally supported with a trial balance of the society. ‘A’ report gives a complete X-ray of the Society and portrays the financial up-to-date activities.

### **Purpose of an ‘A’ Report**

‘A’ report serves the following purposes:

- A compilation of ‘A’ reports written on a Cooperative Society is usually made in the file of the society in the Area Office. Anybody who wants to know about the performance of the Society over a period can read the reports in the Society’s file. This will enable the reader to have a historical record of the society’s business performance over a certain period.
- The reader will be able to know the progress made by the society over the years.
- ‘A’ report will ensure that the society’s mistakes are discovered and the gravity of the mistakes assessed. Reading the report, the officer concerned will be able to suggest the remedy that will enable him turn the course of activity in the society around for the better.
- The report will assist the parties concerned to measure the society’s standard of achievement. This measurement is both administrative and financial.
- The report can be used to guide and nurture the society in the right perspective during the period of writing the report and even thereafter.
- The report will inform the members, staff and management of the society on what is going on in their society. Other people to be informed by the report are the Director of Cooperatives, the Zonal Officer and the Area Officer.

### **3.3.1 Preliminary Procedure of 'A' Report Writing**

Before writing a new 'A' report, the reporting officer should read about the society from the society's file in the Area Office. In the file, reports written in the past can be found.

Through the proceeding reports, items to watch for in the premises of the society, assets owned by the society will be known before hand. This will assist in writing a standard report on the society.

#### **Nature of an 'A' Report**

'A' report should be concise, precise and unambiguous. This means the report must be straight forward.

It should not be silent on material facts. Where it is necessary, the report should be emphatic. This means the report should emphasize areas of importance.

By reading the report, the officer should be able to take immediate action when or where necessary.

A report when written should be submitted to the Director of Cooperatives through the Area Officer and a copy of the report should be given to the management of the society.

### **3.3.2 Model of an 'A' Inspection Report**

A model of an 'A' report had already been given earlier under Inspectional Duty of the Cooperative Assistant.

#### **'B' Report**

'B' report is usually written by Cooperative Assistant when he attends meetings of Cooperative Societies. The meeting he may attend is either general meeting, Committee meeting, special or annual general meeting.

When he writes such a minute, it is normally submitted to the Area Officer in the Area Office.

The Area office will read the report to know what was deliberated upon in the meeting. This will be a source of information to the Area Officer or Divisional Officer to be able to know the decision taken by the members in their meeting.

It should be understood that the Cooperative Assistant will be given an Agenda of the meeting. This he will use to develop his

report. In addition he would take the attendance of those who attended the meeting from the Secretary of the society.

When writing 'B' report, the following items should be taken into consideration:

Name of the Society

Date and place of meeting

Time

Attendance

Reading and adoption of minutes of last meeting

Matters arising from the minutes

Business of the day (including the financial contribution made by members)

General

### 3.3.3 Sample of a 'B Report

From: Name (Cooperative Assistant)

To: The Area Officer

Date: 14th July, 2007

#### **Gaskiya NOUN Cooperative Thrift and Credit Society Ltd**

I attended the General Meeting of the above named society in the premises of the society. The meeting was held on 14th July, 2007.

Here is the report of the meeting:

- **Opening prayer**  
The opening prayer was said by Mr. Osabiya at 10.00 am.
- **Attendance**  
The total number of Members in the society was 109 members and out of which, 70 members were present for the meeting.
- **Introduction**  
The president of the society introduced the Government and Movement Officials present at the meeting to the members. Messrs Utan (the Area Officer in charge of the area in which the society is located) Fatoki the cooperative assistant in charge of the society and Miss Adu the State Federation officer were in attendance.
- **Reading and Adoption of the Minutes of the last meeting**  
The Secretary of the society read the minutes of the last meeting to the members. In the absence of any error in the minutes, the chairman asked for the adoption of the minutes. Mr. Abdullahi moved a motion for the adoption of the minutes

of the last meeting as read to the members during the meeting and Mr. Bello seconded the motion.

- **Matters Arising from the Minutes of the last meeting**  
Matters arising from the minutes of the last meeting were read to the members and the actions so far taken on the matters were discussed. Also, the decision taken on these matters were communicated to members. After these, fresh moves on these issues were made. This is to ensure that final decisions to attain the expected results are arrived at.
- **Business of the day (Finance)**  
Members were asked to make their financial contributions in form of payments of share capital, savings and loan repayments, etc., to the society. In the same vein, the Secretary read the expenditure of the society in form of loan issued which was N30,020.00 to the members.

Also, members contribution for the day amounted to N4,412.60. This was announced to the members and recorded. No other matter apart from that of the above was discussed.

#### **Analysis of Income and Expenditure**

<b>Expenditure</b>	<b>Income</b>
Loan Issued N30,000.00	Shares N40,000.00
N40,400.00	Savings N50,000.00
Loan repaid N80,000.00	
Loan Interest N5,000.00	
Fines N2,000.00	N70,000.00
Sales of Stationery N3,000.00	N180,000.00

The Treasurer was mandated to deposit N110,000.00 into the bank.

- **Area Official Address**

The Area Officer addressed the members. While doing this, he congratulated them for their punctuality to the meeting but was not so happy about their attendance. He implored them to discuss the importance of attending meetings to the absentee members in the interest of the society. He also asked them to make their financial contributions to the society regularly so as to assist in the growth of the organization.

- **Response**

The chairman of the meeting thanked the Area Officer for the advice and promised on behalf of other members that they would live up to the

expectations.

- **Adjournment**

A motion for the adjournment of the meeting was moved by Mr. Azeez and it was seconded by Alhaji Irorun

- **Closing Prayer**

The closing prayer was said by Pastor Igbadun at 12.00 p.m.

Aiyetoto, Eko.

Cooperative Assistant in charge.

**N.B:** (All the names mentioned in this report are fictitious. They have no link with the names of the dead or living).

### **3.4 Progress Report**

As mentioned earlier, it is the duty of the Cooperative Assistants to inspect and visit societies allotted to them frequently and regularly. If the society has a project such as building a house, plantation, farming, or engage in any investment or activity, the cooperative assistants must write a report on what is happening in the Society or among the members of the society. This type of report can be accepted as progress report.

This report is usually written for the consumption of the Area Officer so that he can know what is going on in the society and this will enable him take steps to ensure the business of the society is going on well and that they do not make a mistake that would have been too costly for the society.

This report will also give the Area Officer the opportunity to take appropriate steps on the society before the situation becomes irreversible. The progress report is a non-formal report that may be written as the Cooperative Assistant finds fit which addresses the issues of current happenings in the Cooperative society.

### **3.5 Economic Survey Report**

This type of report is usually written by Cooperative Assistants on Cooperative societies that have just taken off. When writing the report, the officer will take into consideration some economic factors that will make the society to be viable. Economic Survey Report

is written on “Proposed” Cooperative Societies. (Societies that are not yet registered), so that when it is read, one would be able to determine whether the society will be a viable one or not. If the society is promising, (from the facts in the economic survey report), there is the tendency for the society to be registered and if not, the registration of the society will be postponed. The Director of Cooperatives may register a Cooperative Society if among other requirements the economic survey report favours it.

This economic survey report is one of the requirements usually sent to the Director of Cooperatives when a society applies for registration through the Area Officer or Divisional Cooperative Officers.

### **3.6 What to include in writing an Economic Survey Report**

This will be followed by the modern one.

- **Geography**

In this part, geographical factors are considered, taking into consideration the location of the society.

#### **(a) Location of Area of the proposed society**

In the report, the description of the location of the society will be given the geographical description include:

##### **(i) The name of the administrative Division in which the proposed society lies”**

What is required here is the name of the town or village in which the society is located. Also, the name of the Local Government Area, the name of the Headquarters of the LGA will be required. For societies with wide spread membership we give the location of the headquarter or secretariat.

##### **(ii) The distance of the society from the nearest Cooperative headquarters and towns:**

This will be required so as to assess how often the society will be visited by Government officials. If the society is not far from the headquarters, Area Office or Zonal office, then there will be easy flow of personnel and communication between these offices and the society.

**(iii) The kinds of roads leading to the Society secretariat**

The kinds of roads leading to the society from different directions will be mentioned. It may be tarred, untarred, footpath, road full of potholes, etc. What is certain is that if the road leading to the society is good, then vehicles will be willing to ply the road and this may lead to easy transportation of goods produced in the area or by the Society to other towns and cities. Farm inputs will also be easily transported into the town. It will also be easy for Cooperative personnel to visit the society and it will also be for the members to visit the nearest Cooperative office in the Local Government Area.

**(iv) The available means of transportation for passengers and load:**

The report will consider the means of transport available in the area. The means of transport may be bicycle, motorcycle, human, lorry, cars and buses. The more sophisticated the means of transport is, the better its ability to transport passengers and goods. In a situation where the means of transport is by head patronage, then it will be difficult to transport the products of the people in the area to cities and towns. It will also hinder human movement.

**(v) The kinds of people living around and their occupation**

This will consider the type of society we are writing on and the occupation of the people living around it. It may be farmers society and the people living around may be farmers, then this will be an advantage for the society. It may also be a situation where different kinds of people with different types of occupation live. This will be an advantage for the society. The society may be located in a homogenous or heterogeneous society.

**(vi) The presence of any big stream or hill which may present difficulties**

If the society is located in the bush or village where a big stream or hill poses as hindrance to easy communication, automatically, this will affect adversely the movement of people and goods to and from the area.

**(b) Location of Neighbouring societies**

If one or more cooperative societies are located in the area, this should reflect in the report. If there are societies located near the one the officer is writing on, then there would be exchange of ideas, information, managerial know how between them which would be to the advantage of the new society. The report should contain:

**(i) The names (if any) and distance of all neighbouring societies**

The names and how far other societies are to the new society should be mentioned.

**(ii) Reasons why members prefer to form a new society of their own instead of joining the existing ones**

Under normal condition, one would expect that people in the area should join existing Cooperative societies instead of forming a new one. So if people decide to form a new society, then it is good to know the reason. The reason may be advantageous or disadvantageous to the society

**(iii) How many members of the new society would come from the membership of the old ones?**

The report will have to indicate how many members from the existing old societies have decided to be members in the new society or how many are still willing to join. The officer writing the report will have to verify why the movement of members from the old societies to the new society is an advantage or disadvantages to the society.

**(iv) The attitude of the old societies towards the founding of a new one near them**

The officer writing this report must also investigate what the members of the old societies in the locality are feeling about the founding of the new society. The report has to show whether the members of the old societies are indifferent or they are not happy or they are happy to the formation of the new society.

**(c) Location of villages and their population**

What is required here is information about existing villages around or in the area where the new society. It includes information about the population to ascertain the potential strength of the society.

**(i) Names of constituent villages and their distances from proposed site of the society.** The names of the villages that are around the new society and their distances are required in this part. If there are some villages around, it will have some markets in their neighbourhood where they can transport their goods for sale.

**(ii)** The new society can also recruit staff when necessary from the

villages around. Villagers in the neighbourhood can also decide to become members in the new society, etc.

#### **4.0 CONCLUSION**

This unit discussed the purpose of report and nature of report, how to classify reports, process report and make economic survey report also to know factors to be considered when writing an economic survey report.

#### **5.0 SUMMARY**

The process of liquidation involves activities of winding up the business of a cooperative society therefore there is need to understand the liquidation and dissolution factors that can lead to liquidation and Identify the types of Dissolution/Liquidation Procedure Cooperatives also know how to appeal Against Dissolution/Liquidation, the Director of Cooperative as the Liquidator for Preparation of Liquidation Report and Submission of Report as well as preparation of Scheme of Distribution

#### **6.0 TUTOR MARKED ASSIGNMENT**

1. Discuss the Purpose of Report and Nature of Report?
2. How do we classify Reports and Process Report and make Economic Survey Report?
3. What are the Factors to be considered when writing an Economic Survey report?

#### **7.0 REFERENCES/FURTHER READINGS**

Lawal, K.A.A and Adelowo, (2013) *Cooperative Education and Extension*, NOUN Publishers.

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## **UNIT 3      SUPERVISION      AND      CONTROL      OF COOPERATIVES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 Supervision
  - 3.2 Control Of Cooperatives
  - 3.3 Assessment
  - 3.4 Annual Report
  - 3.5 Reaction Of Members On The Annual Accounts
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 Reference/Further Reading

### **1.0 INTRODUCTION**

Supervision and control of cooperative societies are very important to enable the organizations achieve their stated objectives.

### **2.0 OBJECTIVES**

At the end of the study, the students would be able to:

- understand what is supervision and control
- describe purpose and methods of supervision and control of cooperatives

### **3.0 MAIN CONTENT**

#### **3.1 Supervision**

Cooperative supervision is all activities that are involved in guiding and directing the activities of Cooperatives towards the attainment of their agreed or stated objectives. This should be in strict compliance with the provisions of the Cooperative law and regulations, their bye-laws, Cooperative principles and practice. Supervision is a continuous exercise all year round carried out by Cooperative Officials who visit Cooperatives frequently and regularly. It is important that the cooperative officers attend the society meeting and observe the proceedings as a means of supervision and controlling the group. During such meetings the supervisors should check the books of account of the group. In supervision all defects are reactive while suggestions are given

on how to improve the group.

When the Cooperative official is engaged in promotional, educational, inspectional and advisory duties, some supervision is involved.

## **3.2 Control of Cooperatives**

Control of Cooperatives may be defined as all the means by which a Cooperative Society can be assisted to keep its affairs in order. It may also include activities involved in checking fraud, embezzlement, misappropriation of funds in Cooperative Societies.

### **3.2.1 Purpose of Control**

*Control serves the following purposes in Cooperatives:*

- *Forces effective planning*

The management of the society will plan effectively to achieve the stated goals of the Cooperative society. They will take into consideration the condition of things as at the time of planning and the changes that are likely to take place during the period of execution of the plan.

- *Control reports progress towards the attainment of the stated objectives*

When control of Cooperatives is done regularly, progress so far made as at the time of control will be known and this will enable amendments in the plans if necessary on time.

- *Pinpoint trends and alerts the society's committee long before the situation becomes irreversible*

Control will enable the committee to know the direction at which the stated objective is going. The committee will as a result be able to put things aright before total damage is done.

- *It is also a valuable tool in evaluating future plans*

Control can also be used to measure future plans. This is possible because control will enable the management to know what can be done in future to achieve its stated objectives..

- *Control monitors progress towards a goal and also identifies action which is contrary to the main objectives of Cooperatives*

With control, the progress made in the attainment of the stated objectives will be known. Apart from this, any action that had taken place which may disrupt the realization of the aims of the societies will be discovered and rectified.

### **3.2.2 Tools of Control**

Tools of control are what we can use to control what is going on in the society so that the plan or aim of the organization can be realized. The tools are the followings:-

#### **3.2.2.1 Budget and Forecasting**

Budgeting is an estimate of total income and expenditure expected in a financial period.

When budget is made for investment by the society, any deviation observed during control will be promptly addressed. If for example income expected at a certain period is not realized, then something is wrong which must be addressed on time.

#### **3.2.4 Audit**

An audit is the meticulous check of the books and records of a Cooperative Society.

This is followed by the production of the society's assets and liabilities, the auditor reports upon the work of the society in all aspects in adherence to the Cooperative ideals. Audit is a very good and effective control tool in a Cooperative Society which minimizes, disallows, and rectifies all forms of misdeeds. At the end of the auditing, an Audit report is usually written and submitted to the Director of Cooperative Societies.

### **3.3 ASSESSMENT**

In order for the Area Officer, Zonal Officer or the Director to give a fair assessment of a society, it is good to allocate marks to each factor so that at the end, all the points scored by a society will be added together and the percentage computed.

The benchmark is fixed to determine. So a society that passes will be considered for registration after it had met all other conditions while the ones that do not have pass mark will not be registered.

Also, in this way, the Area Officer would have ensured that a society has

got a pass mark, before forwarding the Society's application for registration to the Director of Cooperatives.

## **MODEL OF A SIMPLE ECONOMIC SURVEY REPORT**

If a Cooperative Assistant is to consider all the factors stated above in writing an economic survey report, it will be too detailed cumbersome and tiring. A short economic survey report adopted from Owojuyigbe (2007) is shown below:

To: (The Director of Cooperative)

Thro: (The Area Officer, X Local Government Area)

From: (The name and designation of the author of the report)

Date: 2/11/06

### **An Economic Survey report on Gaskiva Agricultural Marketing Society, Ifedore, Oyo State**

#### **Introduction**

The Cooperative assistant of the above named society visited the society in order to verify the situation as step preparing the economic survey report on the society between 1st–5th October, 2006, the findings are:

#### **1 Area of Operation (The Geographical location)**

The administrative headquarters or local government area, distance of the society to the area office, the cooperative headquarters, kind of road leading to the society, the available means of transport, the kind of people living around the society and their occupation, location of neighbouring societies are points to be considered here.

#### **2 History**

Who introduced Cooperative idea to them, why they decided to form Cooperative Society, what Cooperative experience they were. What assets they have? (In form of subscription of members, total capital response to payment of dues, buildings, farm equipment, store, indebtedness, etc). Are important points here.

#### **3 Operation of society**

Management of the Society (How regular is their meetings and attendance, keeping the books and records, who are the officers of the society, does the society have a qualified secretary, are they following business principles, is the business turnover good, are they making surplus or loss?) Is the business well managed or not?

#### **4 Sociology**

Membership of the society (is there good bond among the members, are they literates or illiterates, are they homogenous or not, do they have a common language or not, are they ready to work together?)

#### **5 Prospect**

Considering the factors mentioned above, the society has prospect of becoming a viable cooperative society or not?

#### **6 Recommendation**

In view of factors given above, the society is hereby recommended for registration.

Signed,

**Name of Cooperative Officer**

#### **3.4 Annual Report**

The annual report of a Cooperative Society is usually read and presented to members at the Annual General Meeting. The report is normally prepared by the Committee members and the Secretary while the secretary reads the report to the members.

The business year of Cooperative society takes a full year that is twelve calendar months. For an example, the business year can run from 1st April of the preceding year to 31st March of the current year.

The annual report must embrace all the business activities of the Cooperative Society. A sample of an annual report is hereby presented and it is for a Cooperative Thrift and Credit Society.

#### **MODEL OF ANNUAL REPORT**

#### **Plateau Cooperative Thrift and Credit Society Ltd. Annual Report for 2006/2007 financial year.**

The president  
General members  
Invited Guests  
Fellow Cooperators.

- **Introduction**

(Brief felicitation on the unique day can be expressed here)

- **Brief History of the Society**

When the society came into existence and how it has been doing since then.

- **Presentation of Management Report**

The President reads the management report to the members. In this report, members will be informed on the state of the Society's membership, share capital, savings, loan disbursement, loan repayment, investments made and surplus or loss made by the society, etc.

- **Report on Business Activities**

A report will be given on the loan activity of the society and other business activities engaged in during the year.

- **Reading of the Annual Account**

The Secretary is to present the annual accounts to members. In the presentation, the net surplus of the society will be announce, and then the appropriation of account will be read to the members. Attached to the report are the trial balance, the Income and Expenditure Account, Proposed Appropriation Account and the balance Sheet of the Society.

### **3.5 Reaction of Members on the Annual Report**

In many Cooperative Societies, the Secretary present the annual accounts to the members and each member is given a copy of the annual accounts to study, raise comments and ask questions for clarification.

When the annual report is adopted by the members of the society then, it becomes authentic and become working tool for the ensuing year.

#### **3.5.1 Election of Officer/Committee Members**

In some cases, officers of the society would have been elected into office in the pre-Annual General Meeting. During the AGM, the former officers would be officially asked to relinquish their posts while the newly elected officers would be sworn in as new officers. The officers of the society include the President, Vice President, Secretary, Treasurer,

Assistant Secretary, Ex-Officio members, financial secretary and public relations officer.

The officers of the society could also be elected in to office on the day of the Annual General Meeting after the former officers would have relinquished their posts/offices in the society.

### **3.5.2 Resolution for the New Financial Year**

The resolution for the new financial year will be read to the members (if any) and the new management will endeavour to achieve the points raised in the resolution before the end of their term of office.

## **4.0 CONCLUSION**

This unit buttresses the following:

- Supervision
- Control of Cooperatives
- Assessment
- Annual report
- Reaction of members on the annual accounts

## **5.0 SUMMARY**

The process of liquidation involves activities of winding up the business of a cooperative society therefore there is need to understand the liquidation and dissolution factors that can lead to liquidation and Identify the types of Dissolution/Liquidation Procedure Cooperatives also know how to appeal Against Dissolution/Liquidation, the Director of Cooperative as the Liquidator for Preparation of Liquidation Report and Submission of Report as well as preparation of Scheme of Distribution

## **6.0 TUTOR MARKED ASSIGNMENT**

Briefly explain the following:

- Supervision
- Control of Cooperatives
- Assessment
- Annual report
- Reaction of members on the annual accounts

## 7.0 REFERENCES

Akubuilu, C.J.C (2003). *Cooperative extension service*, Mimographic: Ebonyi State University, Abakaliki

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## **UNIT 3      COMPUTER APPLICATIONS TO COOPERATIVE FIELDWORK ADMINISTRATION**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Computer Applications to Cooperative Fieldwork Administration
  - 3.2 Need And Uses of Computer in Cooperative Fieldwork Administration
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

### **1.0 INTRODUCTION**

This is the unit of the course which is to introduce you to the computer application to Cooperative Fieldwork administration. The unit describes computer methods in Cooperative Fieldwork Administration and its applicability.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- appreciate and have understanding of the application of computer to Cooperative Fieldwork Administration
- describe the need and uses of computer in cooperative fieldwork administration.

### **3.0 MAIN CONTENT**

#### **3.1 Computer applications to Cooperative Fieldwork Administration**

Many organizations nowadays are so complex that it is practically impossible to run activities without the aid of computer application to assist in analyzing the numerous data available and strong information many organisation running complex system now result to the use of computer with business specific software.

Computer-aided cooperative Fieldwork Administration has revolutionized this process. Advances in computer technology,

information highways, and statistical and mathematical models provide almost every business with the ability to execute complex data analyses, thus reducing the risks and pitfalls prevalent in the past. These advances have made the process and costs of Cooperative Fieldwork Administration.

But what's the point of forecasting software, if you can just use a spreadsheet? The whole point of cooperative business software is to save you the trouble of needing to do all the calculation yourself. Not every businessman is also an accountant or math guru, and if you want to keep track of a lot of different data and functions, you may need some help to get you through it. If you've got a particularly complicated pool of data, forecasting software can help you to sort through it more easily. If you have a business, you need to get your hands on some good business forecasting tools. If you purchase some business forecasting software it can save you a lot of time deciding your future finances.

Excel is an accounting spreadsheet program that enables users to organize sales history data for Cooperative Fieldwork Administration. Member/Customer lists, sales personnel lists, products, and sales history by year and month are organized in Excel in to display sales figures, analyze trends and project future sales to prepare inventory, staffing and delivery methods. Excel has many features important to sales forecasting, such as pivot tables, averaging tools and graphing.

### **3.2 Need and Uses of Computer in Cooperative Fieldwork Administration**

- (a) It is a useful tool in decision making.
- (b) It minimizes error and inaccuracy.
- (c) It enables the prediction of future sales volume and profits.
- (d) It is a requirement for meaningful feasibility study.
- (e) It provides needed information, to implement routine planning and control of inventories and raw materials. Indeed, computer as an aid and fast track the success of any business, be it manufacturing or servicing sector.

### **4.0 CONCLUSION**

In conclusion, the complexity of many organisations today has given birth to the use of computer applications to cooperative fieldwork administration to the numerous data being generated from the activities that may be too tedious to analysis manually. This has helped in no small measures to reduce the task of the professional cooperative fieldwork managers, increases their level of accuracy and objectivity as well as reduces the time expended on fieldwork for future.

## 5.0 SUMMARY

In summary, this unit examines the introduction of computer aided application to the subject of cooperative fieldwork and how it revolutionized the task of cooperative fieldwork. We also enumerate some of the advantages of using computer aided applications in cooperative fieldwork administration.

## 6.0 TUTOR-MARKED ASSIGNMENT

Briefly enumerate the advantages of computer application in cooperative fieldwork administration?

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## **UNIT 4 ORGANIZING, ADMINISTRATION, HISTORY AND PROSPECT OF COOPERATIVE FIELDWORK**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 Organization
  - 3.2 History
  - 3.3 Prospect
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

### **1.0 INTRODUCTION**

In this unit, we shall discuss on the caliber of people running the business of the society how efficient they are administratively, their history and prospect.

### **2.0 OBJECTIVES**

At the end of the study we should be able to:

Understand the caliber of people running the business of the society  
Illustrate how efficient the society is in terms of administration, history and prospect.

### **3.0 MAIN CONTENTS**

#### **3.1 Organization**

The caliber of people running the business of the society and how efficient the society is administered are:

##### **(a) The members – who and what they are?**

There is the need to know about the members of the society. Information on the profession of individual member is required. Are they peasant or subsistence farmers, are they traders or fishermen? etc. Also we need to know the level of literacy of the members to be able to know whether they are people that can effectively run the society.

***(i) Are they of one family, tribal or religious group?***

At times members of the same family gather themselves together as members of a Cooperatives Society. Experience had shown that this type of society will not last.

However, people of the same tribal or religious group may form a cooperative Society and they may do well because they would be able to work together, they would have like interest, they will be able to solve their problems within themselves, without external interference.

***(ii) How many of them are semi-literate?***

If the illiterate and semi-literates are many, it will be a disadvantage on the part of the society.

But if the literates are many, this will be an advantage for the society.

***(iii) Are they folks, ready to believe the most fantastic tale?***

The answer to this question should be no, Otherwise, the members may be having a great problem before them.

***(iv) Are they all tenants under one landlord?***

Also, the answer to this question should be no otherwise, it will be a negative point for the society's assessment for registration.

***(v) What is the attitude of the Local Chief?***

The attitude of the local chief to the formation of the society should be positive. If not the society may have a problem in establishing itself in the environment.

***(b) The officers, the Secretary – who and what they are?***

There is the need to have information on the officers of the Cooperative Society so as to know the type of people that are managing the affairs of the society. If they are people, of good character then there is the tendency that the society will be well managed.

***(i) Who are the President, Secretary and the Committee members?***

There is need to know who the president is, is he reliable? Does he has an integrity? Will he not himself in issues that would down size the society?

The secretary (Secretary) should have the basic knowledge required to be able to keep the books and records of the society.

If the secretary (full time secretary) should have a sound academic background; must be bonded and should earn a suitable salary.

***(ii) Have they got the moral qualities and the materials means which could enable them discharge the duties of their office in a spirit of selfless services?***

The Cooperative Assistant or any other person writing this report must have been able to study the character and behavior of these officers. He should be able to vouch for them that they will render selfless services to the society.

***(iii) Who is the Secretary?***

***(iv) What are his educational qualifications, experience and proposed salary?***

An average Secretary of a reputable cooperative society especially the ones that will be working on full time basis, must have school certificate and a certificate in Cooperative Studies at the Cooperative College.

The Secretary's Course that is normally organized by the department of Cooperatives can be an addition. On this basis, a Secretary should be well remunerated. This will boost his moral and passion for the work. It will reduce the urge to make more money by fraudulent means and will not encourage him to be looking for a better job which usually happens especially after he might have gained a lot of experience with the society he is working with.

### **(c) Method of Sale/Operation**

It is important to know the method the society uses to operate at this juncture

***(i) Are the members prepared to process and dry their produce properly?***

This is a Cooperative Produce and Marketing Society (CPMS) where members are cocoa farmers. The report should be able to process and dry them themselves and whether they are prepared to dry them well so as to deliver good quality cocoa to their society. In a Thrift and Credit Society (CTCS), are the members ready to borrow from the society? Use the money for productive ventures and ready to be

repaying the loan as at when due? In a Consumer Cooperative Society, are the members prepared to buy goods from their society at all times and are they committed to the society? Etc.

***(ii) Are they prepared to wait two or more days after delivering their produce before receiving payment for it?***

This is an area that is giving (CPMS) problems with its members. There are the private produce buyers on the farms who go to Cocoa farmers' farms with cash so as to buy cocoa from them and pay immediately. The question now is whether the members are ready to give their crops to the Cooperative despite the temptation to sell to private Cocoa buyers? Or is the society ready to arrange so that they would pay the cocoa farmer-member immediately he brings cocoa to the society? The society may also arrange to give loan to the farmer-member before delivery of cocoa to the society so that, as the member brings cocoa to the society, he uses it to pay back his loan. A suitable arrangement will help the society indeed. In a Thrift and Credit Society, the most appropriate way is to determine a suitable maximum credit limit, interest on loans and to give loans to members on first come first served basis.

In a Consumer Cooperative Society, they should avoid credit sale, there should be regular stock taking and the shop should always be replenished with the goods members would like to buy.

***(iii) Will produce be sold in their store or taken to the nearest Society/Union?***

The points mentioned above will assist the Farmer member determine where to sell his produce. In a Consumer Society, a member will decide whether to always patronize his society if the price is reasonable, the mark up is not too much and the bonus on patronage which he gets at the end of the financial year is attractive.

A member of a thrift and credit society will normally patronize his society if the rate of interest is low, if he can get the loan as at when required and also if his bonus on patronage is attractive.

***(iv) What facilities are there for transportation and handling?***

Concerning CPMS, is it located in an area where there is transport problem between each individual farmer member and the society? This is also an area where the farmer may be tempted to sell to the private produce buyers, if the produce buyer can go to the members or farmers' arm with a vehicle where he will load his purchases or

make a suitable arrangement for the transportation of cocoa he purchased.

Except a society makes such suitable arrangement, it may be losing produce to private produce buyers. In a Consumer Society, especially in areas where there is transportation problem, the society should breach the gap by ensuring the consumer shop is loaded with goods despite the problem. The members will then find it difficult to buy in any other place.

In locations where there is transport problem and CTCS exists there, the society should try to operate in a way that the members will not feel it is necessary to go to the nearest financial institution for financial assistance.

***(v) What are the expenses on Sales, the Cost and Selling Prices?***

It will reflect in this part of the report if the society is able to locate where they can buy cheap goods for resale to members in a consumer society. In a CPMS, there is need to have an information on expenses on sales of members Cocoa to the Union or to any other organizations that buy it including transport, rebagging, etc.

***(vi) Are Committee members alert in Supervising the Secretary?***

It is the duty of the Committee members to always have an idea of what is going on in their society.

***(vii) Is the Secretary left alone with the responsibility of making final decisions?***

No good Cooperative Society will allow the Secretary to be making the final decision on the business of the society. It is the duty of the members or Committee to make final decisions and then allow the Secretary to implement the decision.

## **3.2 History**

This part will give a report on the History of the society.

***(a) Introduction of Cooperative Idea***

The officer has to report on how the members got the idea to form the society. It is important to investigate whether they got the right idea about cooperatives.

In Nigeria today, some sections of the country are mis-informed about cooperation and cooperatives.

It is important to investigate whether the people got the right message. In the light of the above, encouraging people to form cooperatives in order to get fertilizer from the Government or that Cooperative societies are Government Organisations are examples of erroneous ideas about cooperatives.

***(i) Who told them and were they rightly informed?***

One needs to know who passed information about Cooperatives to them. Are they the agents of politicians who want to use them to get cheap votes? Are they the people who want to exploit them and therefore exaggerate the services cooperatives can offer? Are they government agents who are giving the people the idea that cooperatives societies are government organizations? Are they government agents who are encouraging members of the public to form cooperatives so as to get soft or free loan from the government? Do the propagators even understand what cooperation is? And so on.

***(ii) Why they decided to form a Cooperative Society and what they hope to gain thereby?***

There is the need to investigate the reason behind the formation of the society. It must be known whether the members of the society actually assessed their felt needs before forming the society. What they hope to gain by the formation should be analyzed. This will give an idea on whether they are on the right path or not.

**(b) Cooperative Experience**

It is necessary to know whether some of the members have had cooperative experience before. If this is so, these ones will be able to inform the rest who know nothing about Cooperatives.

This exchange of information will have a positive effect on the growth of the society. On the other hand, if none of the members have Cooperative experience, then they need emergency training by the supervising officer to enable them run the society.

***(i) Have members belonged to a former association, quasi society or a genuine Cooperative Society before?***

A positive answer to this question would mean the members have some experience already in running a Cooperative Society or a similar Association. It is expected that the members will continue to

improve on their experience to make the society grow.

***(ii) Has any Secretary or Cooperative Assistant come to their village on propaganda tour before?***

If the answer is yes, then it is assumed they have been informed about Cooperatives by those that are assumed to know about Cooperatives. This would mean additional pass mark in the report.

***(iii) How many of the members are ex-middlemen?***

This question is relevant to a society that is marketing in nature especially Cooperative produce and Marketing Society. The experience of the ex- middlemen who are now members of the society will be required in running the business of the society.

**(c) Assets and Liabilities**

This evaluation of the assets and liabilities of the society will be required to know whether the society will be viable or not. A society with huge debt is not a promising society.

***(i) Get the fact about any previous subscriptions and their donors***

The capital contribution of members is one of the determinants of the readiness of the society to go into business. The more the capital, the more investment they can make.

***(ii) Get the facts on the building of the store or the Purchase of any equipment***

It is important to assess the value of the assets of the society. The more the value, the better for the society and a score point for registration.

***(iii) What is the Cash in hand or debt owed to any outside body***

This part should be able to tell whether the management of the society adheres to the amount stipulated in the bye-laws of the society as cash on hand. Also, it is good to know how indebted the society is to outside bodies. This may count against the society in scoring points for registration.

**3.3 Prospect**

It is the duty of the Cooperative Assistant or the person writing this

report to give an idea on the prospect of the society. In doing this, he will consider all the factors given above.

Other points to be taken into consideration are the following:

i) The Cooperative Assistant must ascertain the age of cocoa trees (young ones will be preferred) their health (a healthy cocoa tree would be better) and their productive power (their breed and care given by the farmer can determine their productive power.) This assessment is usually done in a CPMS or Farmers Cooperative Society.

In a CTCS, the ability of the member to contribute a reasonable sum of money, and the welfare of each member will also be a determinant.

In a Consumer Cooperative Society, the ability of the members to contribute enough capital to be able to purchase enough goods for sale to members, the rate of the movement of the goods into and out of the shop or the frequency of patronage done by the members will be taken into consideration.

***(ii) The economic worth of the members must also be taken into consideration***

This will investigate how buoyant the economic enterprise of each individual member is. In a farmers' cooperative society, the officer would investigate whether the member has the ability to employ paid labour to work on his farm, or not. The expansion of the business enterprise of the member in a CTCS will be able to show this. For a Consumer Society, the improvement in the standard of living to each member is a determinant.

***(iii) He should find out how many of the members are subsistence and commercial farmers.***

In evaluating this point, the less subsistence farmers, the better the farmers' cooperative society.

In other types of societies, the turnover in the members business will be relevant. A business with high turnover will be better.

***(iv) How far are the members indebted to middlemen or business partners?***

The level of indebtedness of the members of a society to the middlemen or their business partners matters in considering their ability to support their society financially.

If they are heavily indebted, it is a disadvantage for their society

especially if their liabilities are far more than their assets.

***(v) what is the average tonnage each member can market every year***

This is a question for members of CPMS. This is to know the ability of the member to market as many tonnage of cocoa and this will give a rough idea of the financial ability of the member which will reflect his ability to contribute financially to the society. In a CTCS, how much loan he can get and ability to repay is important.

In a Consumer Society, ability to buy goods as much as possible in cash is important.

***(b) The middlemen – their establishment and their influence on the proposed society***

When talking on middlemen as they affect CPMS, we can also talk about competitors for CTCS and Consumer Cooperative Society or whatever type of society we have in mind.

***(i) Find out about the middlemen's interest and their organization in the district***

The officer writing this report should examine how influential the middlemen in the area are. In some areas, the middlemen are so influential that they buy off all the cocoa that should have gone to the society by offering the cocoa farmers including members of the society better conditions.

For CTCS, there may be a money lender around, whose interest rate is high but do not care whether the person who wants to take loan from him is indebted to a society around or not. His loan disbursement may also be immediate and unbureaucratic.

For a Consumer Society, the officer should also find out if there is a competitor around who can sell at a lesser price and even sell on credit.

***(ii) Find out the number and the kind of middlemen***

In addition to what we have above, the number of middlemen/competitors around should be found out. Their type or kind should also be known.

***(iii) Are they so properly organized as to attempt price control?***

If the middlemen/competitors are so well organized as to attempt price

control, this should be stated in the report. This means that their price will affect the price determination of the society.

***(iv) Are the salesmen also farmers in the surrounding villages, carrying on buying of produce only as side show?***

If the salesmen (in CPMS) are also farmers in the surroundings, it will make business more difficult for the Cooperative Society. This is because the salesmen who are farmers will be able to influence other farmers around who at the same time are members of the Cooperative Society.

For CTCS, there may be Community or Commercial Bank around which may be working out ways to attract the people. For Consumer Society, are the competitors also producers of goods?

***(v) Are any of the middlemen relatives of the intending Cooperatives?***

If the middlemen are relatives of the intending Cooperatives, then they will persuade them not to join the Cooperative. Otherwise if they join they may not be patriotic.

#### **4.0 CONCLUSION**

This unit discussed the caliber of people running the business of the societies.

Elucidate further how efficiently the society is administered, history and prospect.

#### **5.0 SUMMARY**

The process of liquidation involves activities of winding up the business of a cooperative society therefore there is need to understand the liquidation and dissolution factors that can lead to liquidation and Identify the types of Dissolution/Liquidation Procedure Cooperatives also know how to appeal Against Dissolution/Liquidation, the Director of Cooperative as the Liquidator for Preparation of Liquidation Report and Submission of Report as well as preparation of Scheme of Distribution

#### **6.0 TUTOR MARKED ASSIGNMENT**

Discussed the caliber of people running the business of the society?  
Comment on how efficiently the society is administered, history and prospect?

## 7.0 REFERENCES/FURTHER READINGS

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