

**SUBJECT NO.114**

**Sub: - VUDA- Accts- Visakhapatnam- Entrustment of Internal Audit Work for the year 2013-14 to M/s Bharathi &Co and Constitution of Audit Committee for the purpose of enhancement of the quality of the Management- Approval & Ratification-Reg.**

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**AGENDA NOTE :**

The Principal Accountant General, A.P Hyderabad has repeatedly remarked that there was no internal audit wing established by VUDA to conduct the internal audit of various wings. In the outstanding Audit Para 2.3.10 of the year 2010, it was stated that internal audit examines and evaluates the level of compliance with the departmental rules and procedures and provides reasonable assurance to the management on the adequacy of the existing internal controls and also that the primary function of internal audit is to assist in insuring the accuracy of the accounts and correct status of financial transactions of the organization.

Hence, the Government has been requested vide this office letter dt 4.12.2011 to consider to constitute the internal audit wing in VUDA with staff on deputation from other departments. The VUDA Board in its Resolution No 58 dt 8.5.2012 has also approved the proposals for constituting internal Audit / pre audit wing in VUDA. No orders have been received from the Government so far.

The TTD has been requested in this office letter No.3118/07/K4 dt.21-9-2013 to furnish the procedure of Internal Audit Wing in TTD for engaging Chartered Accountant firm for Internal Audit through empanelment.

Since no orders have been received from the Government regarding constitution of internal audit and also no information has been received from TTD and as already 6 months have been elapsed in this financial year, the work of Internal Audit of VUDA Accounts for the year 2013-14 has been entrusted to M/s Bharathi & Co, Chartered Accountant and Income tax consultant of VUDA with remuneration of Rs.1.75 lakh + service tax.

Further it is also proposed to constitute an audit committee with all the HODs headed by Vice Chairman, VUDA to examine the report of internal auditor once in 3 months and to solve the issues pointed out by the internal Auditor so as to ensure the accuracy of the accounts and correct status of financial transactions of the organization.

The A.G audit in their Audit report has also pointed out regarding non maintenance of certain registers viz., Register of valuables, Register on unserviceable articles, Register of collection of EMDs / SDS / ASDS / Register of execution of deposit works, Register on capital works in progress, Register on recovery of MPWA with held amounts and the fixed asset register.

The following registers have to be invariably maintained in each wing. Most of the registers may be already maintained but they should be updated and produced before the Internal Audit Team for their scrutiny.

### **1. Engineering**

- Assets Register of buildings and others like Furniture, Equipment, Tools & Plants,
- EMD Register,
- Technical Register,
- Agreement Register,
- E-procurement Tender Register,
- B.G Register
- Deposit works Register,
- Register of unserviceable articles etc.,

### **2. Accounts**

- Investment Register,
- Flexi Deposit Register,
- All advance Registers
- statutory recovery Registers, etc.,

### **3. Estate Wing**

- Land Acquisition Registers,
- Alienation Registers & Government lands handing over register,
- Asset Register of all VUDA lands and Government lands etc.,

### **4. Administration**

- Different Registers relating to service matters of all employees,
- DCB Registers of Sites & Houses,
- DCB Registers Shops & offices & other PPP Projects,
- Stationery Registers,
- Register of valuables etc.,

### **5. Planning**

- Layout / Building Plan Registers,
- LRS Registers,
- Development Charges Registers
- change of land use register etc.,

## **6.DFO Wing**

- Budget Register,
- Technical sanction Register,
- Work Registers,
- Plant Material stock register,
- Nursery stock register,
- Register of Deposit works.

In view of the above the Board is requested to accord permission to constitute an audit committee with all HODs headed by Vice Chairman so as to rectify the observation as pointed out by internal audit team and to issue necessary directions to the concerned HODs to maintain these registers without fail. Since most of the HODs (except C.E) are on deputation basis, the reliving of such HODs have to be done only on the certification of updation of these registers and verification of Accounts by Internal Audit Committee.

The work of the committee shall be placed before the Board for perusal once in every 6 months.

In the mean while Sri T.L.N.Bharathi & Co, CA in his representation dt 25.11.2013 has informed that the fees that were fixed was 2years back @ Rs1.75 Lakhs, the cost of inflation and salaries have been increased and he is deploying 2 to 3 Junior staff and 1 Senior staff on this assignment and hence requested to increase his fees from Rs.1.75 Lakhs to Rs.2.50 Lakhs.

The Board is requested to approve & ratify the action taken for entrustment of work of internal audit work of VUDA Accounts for the year 2013-14 to Sri T.L.N.Bharathi & Co, VSP and also requested to take a decision on the request of Sri T.L.N.Bharathi & Co, CA for enhancement of his remuneration from Rs.1.75 lakhs to Rs.2.50 lakhs.

Sri M.G. GOPAL, I.A.S.  
Executive Officer.

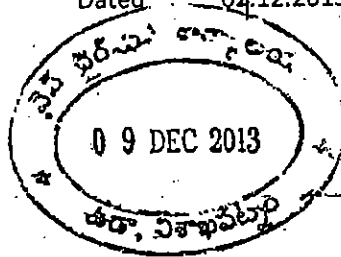


Office of the Executive Officer  
T. T.Devasthanams,  
Tirupati.

Roc. No. A18/374/CAO/2009

Dated 07.12.2013

To



The Vice Chairman,  
VUDA,  
Vishakapatnam.

Sir,

Sub: - TTD – TTD – Audit department, Tirupati – brief on the process of Internal Audit being carried out in TTD - Reg.

Ref: - A letter received from the Vice Chairman Roc.No. 3118/07/K4 Dated:- 21.09.2013

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In response to the reference cited, the process of Internal Audit being carried out in TTD is as below:

- Internal Audit was introduced in TTD in the year 2010-11 on recommendation of the Public Accounts Committee, AP Legislative Assembly.
- The institutions of TTD are divided into following :-
  - (iv) High priority areas
  - (v) Medium priority areas
  - (vi) Low priority areas
- Priority areas are defined on basis of the following criteria:
  - (v) Density of pilgrim activity and services
  - (vi) Value and no.of transactions
  - (vii) Density of pilgrims congregation
  - (viii) No.of transactions carried out

CAO  
For/As.  
[Signature]  
9/12/13

On the basis of above criteria the areas, where the pilgrim congregation, requirement to services, High intensity pilgrim activity and Transactions involving high value and more numbers are prevailing, are defined as High priority areas. Accordingly, the remaining areas are defined as medlum and Low priority areas.

Upon such classification, the Internal Audit is Inducted by way of appointing renowned Chartered Accounting Firms from the list provided by Institute of Chartered Accountants of India, New delhi an Institute established by Government of India. So as to coordinate and for effective Implementation of Internal Audit in TTD, a post of Chief Audit Officer has been created. The said post is prescribed to be filled up through selection on deputation with an officer from central/ state Government departments.

During last two and half years the Internal Audit is proved to be effective in assisting the administration for fixing problems/ vulnerable areas, ensuring proper documentation etc in TTD. If any further information is required, this office may be contacted. If required the TTD would be pleased to give guidance/ help by sending Its officers to VUDA.

Thanking You,

In the service of Lord Venkateswara

Sd/- M. G GOPAL  
EXECUTIVE OFFICER

//forwarded//

[Signature]

[Signature]  
CHIEF AUDIT OFFICER

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Sl. No.	Subject No.	Subject	Resolutions
63	114	Entrustment of Internal Audit Work for the year 2013-14 to M/s Bharathi & Co and Constitution of Audit Committee for the purpose of enhancement of the quality of the Management	<ul style="list-style-type: none"> <li>• <b>Constitution of Committee and their responsibilities are agreed.</b></li> <li>• <b>The HoDs including those on deputation should be held responsible for proper maintenance of Registers and the LPC on relief / pensions should not be given unless the registers are updated by the outgoing HoD / retiring HoD.</b></li> <li>• <b>Entrustment is ratified with a hike of 30, 000/- over last year fee.</b></li> </ul>
64	115	Sanction of Medical Aid to Sri L.Arjuna Rao, TWI (NMR) / AE powers	<b>Perused and ratified</b>
65	116	Reimbursement of Medical expenses to Sri Kasa Appa Rao, AEE- Injured while on duty.	<b>Perused and ratified</b>
66	117	Outstanding A.G Audit Paras since 2005-06 onwards- preparation of Audit replies – request for deputation of Special Audit Party to drop audit paras- perusal & record	<ul style="list-style-type: none"> <li>• <b>Perused. HoDs should send the reports / remarks early to the PAG for closure of the paras.</b></li> <li>• <b>The VC, VUDA should strengthen the system based on the observations of the Audit Report and streamline the internal audit process.</b></li> </ul>