

PREFACE

1. This Report has been prepared for submission to the Secretary, Panchayat and Rural Development Department, Government of Himachal Pradesh and Principal Secretary, Urban Development Department, Government of Himachal Pradesh in accordance with the terms and conditions of Technical Guidance and Support (TGS) of audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) under Section 14 and 20(1) of CAG's DPC Act, 1971.
2. **Chapter-1** of this Report contains the background of PRIs, audit mandate, organizational structure of PRIs, financial profile, accountability framework, financial reporting and internal control systems.
3. **Chapter-2** of this Report contains Performance Audit of Backward Region Grant Funds.
4. **Chapter-3** of this Report contains the results of audit arising out of the audit of transactions of PRIs.
5. **Chapter-4** of this Report contains the background of ULBs, audit mandate, organizational structure of ULBs, financial profile, accountability framework, financial reporting and internal control systems.
6. **Chapter-5** of this Report contains the results of audit arising out of audit of transactions of ULBs.
7. This Annual Technical Inspection Report for the year 2010-12 is a consolidation of major audit findings arising out of audit of accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in the State of Himachal Pradesh during the period 2010-12.
8. The purpose of this Report is to give an overview of the functioning of PRIs and ULBs in the State and to draw the attention of the Executive department, PRIs and ULBs for taking remedial action for improvements, wherever necessary.
9. The cases mentioned in the Report are among those which came to notice mainly in the course of test check of Annual Accounts (Receipt and Expenditure Accounts) of Panchayati Raj Institutions and Urban Local Bodies conducted during the year 2010-12.