

The AMFC may prepare the proposal and put up through to DAs (Advis) on all relevant & important issues to start with. - 27/7/09



**Comptroller and Auditor General of India**  
**9 Deen Dayal Upadhyaya Marg, New Delhi-110124**

23/7/09  
DAG  
DAG (IC I)  
AMFC

No. 223 Audit (AP)/27-2009  
17 July 2009

To

The Principal Accountants General/Accountants General (Audit)  
(As per list)

**Subject: Constitution of State Audit Advisory Board**

Sir/Madam

Comptroller and Auditor General has ordered the constitution of State level Audit Advisory Board on the lines of the Audit Advisory Board constituted by the CAG at Headquarters. The objective of constituting these bodies at the State level will be to enhance the effectiveness of audits including audit reports by providing a forum for professional discussion between the senior management of audit offices and knowledgeable and experienced professionals from varied fields. A set of guidelines for constituting the State level Audit Advisory Boards is enclosed.

CAG has further desired that the process of constitution of the Board shall be completed by next quarter, i.e. by September 2009. Hence this may be treated as URGENT

You are requested to take suitable action as per the guidelines and report compliance by 7 October 2009.

Encls: as above



Yours faithfully,  
*B. B. Pandit*  
(B.B. Pandit)  
Director General (Audit)

Copy for information to:

- All DAIs/ADAs - Secretary to CAG
- All DGs at HQ
- All PDs/Directors at HQ & Sr.

*Shri Tiwari*  
*28/7/09*

*CAG-18*  
*28/7/09*



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## Guidelines for the constitution of State Audit Advisory Board

**Objective:** To enhance the effectiveness of audits including audit reports by providing a forum for professional discussion between the senior management of audit offices and knowledgeable and experienced professionals from varied fields.

**Function:** To advise the Principal Accountants General/Accountants General of States on the coverage, scope and prioritization of audits together with suggestions regarding appropriate audit approaches and techniques.

**Constitution of the Board:** The Board will consist of a maximum of 10 honorary external members nominated by the PAG/AG.

PAG (A)/AG (A) will be the Chairperson of the Board, all group officers in JA Grade in the PAG/AG office will be ex-officio members. The number of such officers shall not exceed 5. Where sufficient number of JA Grade officers is not available in State Accountants General offices, PAG may nominate officers in Senior Time Scale in consultation with other AsG taking into consideration seniority as well as responsibilities of such officers.

Sr.DAG (Inspection)/DAG (Inspection) will be the ex-officio Secretary of the Board.

In States where there is more than one AG (Audit), PAG (A) will be the Chairperson and the other AG will be ex-officio member. Member Secretary will be from the office of the Principal AG.

### **Eligibility for nomination of external members:**

i) Persons above 70 years of age shall not ordinarily be nominated

ii) Nominated members may be drawn from amongst eminent academicians, professionals (Engineers, Scientists, CA/ICWA, Economists, Professors, experts in banking, insurance, taxation, Law, NGOs, media persons, retired Civil servants, IT experts etc), Heads of Institutions etc. Retired IAAS officers living in the State may also be considered. However, not more than one such person should be nominated.

As soon as the Audit Advisory Board is constituted by the PAG/AG, intimation thereof will be sent to DG (Audit) with a copy endorsed to the ADAI concerned.

iii) Persons ordinarily residing in the territory of the State only are eligible for nomination

iv) Institutional nominees and persons possessing specialized knowledge of the State matters may be accorded preference.

### **Mode of Nomination:**

PAG/AG will invite recommendations sponsoring the names from other Accountants General in the State and group officers in all the offices.



(4)

PAG/AG will consolidate the list, finalize the nomination and notify to the external as also the ex-officio members.

**Tenure of external members:** Ordinarily the tenure of each member will be two years; re-nomination may be allowed for another two years in exceptional cases.

**Meetings of the Board:** At least two meetings would be held every year, one in February/March at the time of finalizing audit plans and another in October/November when the audit reports are in the processing stage.

**Agenda:** Agenda for meetings will be decided by the PAG/AG

**Expenditure:** Expenditure in connection with the Board shall be met out of the allocations to the office of PAG/AG responsible for holding the Board meeting. External Members may be re-imbursed the cost of their boarding/lodging, travel to and fro from their residence/office to venue/ office and back. Their travel and other entitlements may be at par with that of PAG.

**Remuneration:** Rs.2000/- as sitting fee to external members:

**Functioning of the State level Audit Advisory Boards:**

Once the Board is constituted and each time it is re-constituted the Board members will be provided necessary literature that will help them understand the role and working of the Accountants General's office as well as copies of latest Audit Reports of CAG relating to the State.

Before holding the meetings of the State level Audit Advisory Boards, proper agenda will be drawn and agenda notes circulated. After the meetings are held, the minutes of the discussion will be prepared and circulated to all the members.

A copy of the minutes of the Audit Advisory Board meeting will be sent to the ADAI concerned. Another copy of the minutes will be endorsed to DG (Audit).

Recommendations of the Board will be duly considered in planning audits and bringing out systemic improvements in the audit process.