

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL(AUDIT-I),
MADHYA PRADESH, GWALIOR**

No. SMU/2025-26/F-01/ 0.0-84

Date 19.08.2025

Office Order

Sub: Staging of a pilot study in Performance Auditing.

- 1.0 As per Guidance Note no. 90/CR/Gen Corr/2025 dated 31.07.2025 received from Central Region of O/o C&AG of India, Pilot studies should originate from topics identified in the strategic plan, through an initial audit of a selected unit, and serves as a preliminary investigation/review to assess materiality, identify risks, and gather data/evidence, crucial for developing a robust audit framework.
- 2.0 Preceding the formal approval of the audit plan, it sequentially ensures that the audit plan is evidence-based, feasible, and comprehensively addresses identified risks and opportunities, consistent with the Auditing Standards.
- 3.0 The purpose is communicated in the letter as following-
 - ✓ **Assess Feasibility:** Evaluate the practicalities, challenges, and resource implications of proposed audit procedures, methodologies, and data collection tools, confirming if the topic warrants a full audit (Go-No Go decision).
 - ✓ **Refine the Audit Approach:** Identify strengths and weaknesses in the preliminary audit concept, allowing for necessary adjustments and improvements.
 - ✓ **Identify Potential Issues:** Identify unforeseen problems, complexities, or data limitations that may arise during a full-scale audit, thereby helping in making/planning mitigation strategies.
 - ✓ **Estimate Resource Needs:** Gain a more accurate understanding of the time and human resources required for the performance audit.
 - ✓ **Build Stakeholder Confidence:** Demonstrate a considered, rigorous, and empirical approach to the audit process, fostering trust and cooperation.
 - ✓ **Informed Framework Development:** Provide empirical data and actionable insights to support the creation of an informed and effective audit framework, including refined objectives, scope, and criteria.

- ✓ **Risk Identification and Prioritisation:** Identify audit risks and prioritize them while designing the audit framework based on the learnings from the pilot study.

4.0 Action plan in respect of Staging of pilot study is as follows: -

Aspect	Instructions of Hqrs.	Action Plan
Phase 1: Preparation – Inspection and Scope Definition (Timeline: 1 Week)		
Proposed Activities:		
Review Initial Audit Findings	Thoroughly analyze the findings of the preliminary unit audit and desk reviews to pinpoint specific gaps, ambiguities, or high-risk areas that require deeper evaluation.	AMGs to instruct the pilot study teams to conduct such exercise as the instructions say.
Select Pilot Unit/Scope:	Strategically select a representative unit or a specific, well-defined scope within the broader audit area to ensure the pilot provides insights relevant to the wider audit.	The pilot study team to follow the instructions for selection of pilot unit/scope.
Preliminary Stakeholder Engagement Plan:	Inform concerned stakeholders about the intended pilot study, its purpose, and intended objectives and benefits to secure their cooperation and assistance.	AMGs to inform concerned stakeholders by DO letters containing purpose, objectives and benefits as per the instructions. The correspondence to include a PPT and relevant Annexures.
Initial Risk Assessment:	Conduct a preliminary risk assessment to identify potential challenges (e.g., data availability, cooperation issues) to secure necessary internal approvals or escalations if warranted.	AMGs to identify potential challenges such as data availability, cooperation issues as per the instructions.
	Pilot Study Concept Note/Brief	

Intended Deliverables:	Initial Objectives and Scope Document	AMGs to keep intended deliverables in documented form.
	Preliminary Risk Register (with identified ownership)	
Phase 2: Preparation – Design and Planning (Timeline: 1 Week)		
Proposed Activities:		
Develop Pilot Study Methodology:	Detail the specific steps and approaches to be used, including data collection methods (e.g., surveys, interviews, document reviews, observations, data analysis), sampling strategies (if applicable), and checklists to aid in uniformity of audit standards and processes. Develop or adapt questionnaires, interview guides, checklists, and data extraction templates to be used during data collection.	AMGs to ensure to document steps and approaches. AMGs to instruct pilot study team to develop necessary questionnaires, interview guides, checklists, data extraction templates etc. for data collection.
Establish Success Criteria:	Define clear metrics and indicators that will determine the success of the pilot, to warrant a full-blown performance audit with wider audit coverage.	AMGs to mention success criteria of the pilot study as per the instructions.
Resource Allocation and Timelines:	Identify necessary resources. Develop a realistic timeline for all pilot study activities.	APDAC to act in this regard.
Planned Deliverables:	Detailed Pilot Study Plan (including methodology, tools, timeline, resources)	AMGs to instruct the team for documentation of the deliverables.
	Draft Data Collection Instruments	
	Checklists	
Phase 3: Execution – Fieldwork Implementation (Timeline: 2 Weeks)		
Proposed Activities:		

Briefing and Training of Pilot Team:	Thoroughly brief and train all personnel involved in the pilot on the objectives, detailed methodology, their specific roles, and the proper use of data collection tools and protocols.	<ul style="list-style-type: none"> AMGs to forward nomination of trainees and trainer to training cell which will organize the training as per the instructions.
Data Collection:	Maintain meticulous records of the process, adapting to on-the-ground issues while documenting any deviations from the plan and the reasons.	AMGs to maintain such documents as per the instructions and inform APDAC.
Continuous Monitoring and Feedback:	Regularly monitor the progress of the pilot through structured check-ins. Encourage feedback from the pilot team regarding challenges, successes, and areas for improvement.	<ul style="list-style-type: none"> AMGs to monitor the progress of the pilot study as per the instructions. AMGs to document the feedback containing challenges, successes and areas for improvement.
Interim Analysis:	Conduct preliminary analysis of collected data to identify early trends or emerging issues. This allows for in-line modifications/adjustments, if necessary, with proper documentation.	AMGs to instruct the team to ensure interim analysis for required modifications/adjustments and documentation thereof.
Planned Deliverables:	Training Logs/Toolkits (for future usage)	AMGs to ensure the relevant documents shall be kept as planned.
	Review notes	

Phase 4: Analysis, Evaluation, and Reporting (Timeline: 1 Week)

Proposed Activities:		
Data Analysis:	Analyse the collected data to extract meaningful insights related to the pilot study objectives, identifying key gaps and insights.	The pilot study team shall conduct the data analysis, evaluation of methodology and tools, comprehensive assessment (operational, logistical and technical), assessment of materiality and
Evaluate Methodology and Tools:	Assess the effectiveness, efficiency, and practicality of the audit procedures, methodologies, and data	

	collection tools used in the pilot. This includes evaluating clarity of questions, data availability, information capture, and unforeseen challenges and is useful for future purposes for staging similar audits.	feasibility and prepare a pilot report as proof of concept for full audit. Group officers to monitor.
Identify Lessons Learned:	Document what worked well, what did not, and why. This comprehensive assessment includes operational, logistical, and technical lessons learned.	
Assess Materiality and Feasibility:	HoD should formally assess the materiality of identified issues and the overall feasibility of proceeding with the full audit based on the pilot's findings.	
Prepare Pilot Report:	Compile a pilot report as an end product, summarizing key findings, insights, recommendations, and the feasibility assessment. This serves as the Proof of Concept (POC) to determine Go-No Go for the full audit.	
Planned Deliverables:	Comprehensive Pilot Study Report serving as a Proof of Concept or otherwise for a GoNo Go decision)	

- 5.0 As integral to overall audit lifecycle, Pilot Study should be integrated into following cycle-
- 5.1 **Topic Selection and Pilot Initiation:** Pilot flows from the strategic plan, and is to be carried out through initial unit audits or preliminary risk assessments, identifying areas for deeper investigation.
- 5.2 **Pilot Execution and Reporting:** The pilot study is conducted, and its findings are reported. POC or otherwise, once established, will result in a Go-No Go decision.

- 5.3 **Audit Plan Development:** Pilot insights are incorporated into a detailed audit plan, including refined objectives, scope, methodology, and resource allocation.
- 5.4 **Plan Approval:** The topic now backed by a solid documentation and feasibility reports is submitted for formal approval by Headquarters.
- 5.5 **Guidelines and ADM Creation:** To be prepared post-approval of the audit plan.
- 5.6 The pilot study team shall ensure fully transparent and documented sequence to ensures that the audit plan is well-informed, unqualified, and robust, minimizing potential issues during full-scale implementation.
- 6.0 To ensure intended outcomes, the following additional practices shall be adopted:
- 6.1 **Maintain Flexibility:** Themes and scope may be adjusted based on contingencies/ground realities as essential and the changes shall be documented to maintain transparency.
- 6.2 **Avoid Broad Coverage:** Pilot study teams shall prioritize deep-dive into a few identified themes as high risk/critical during the initial unit audit, rather than attempting a superficial broad coverage by over utilisation of resources with limited yield or outcomes.
- 6.3 **Identify Areas for Expert(s) Involvement:** Areas shall be identified where domain specialists and/or capacity building are critical so that based on the pilot study, such expert(s) can be consulted, or capacity building exercises can be carried out, if needed.
- 6.4 **Avoid Common Pitfalls:** The initial report shall not be overloaded with excessive data and content which cannot be replicated in other units as this may result in skewed reporting at a later stage.
- 6.5 The pilot shall not be expanded into a full-fledged mini audit as the purpose is limited to preliminary investigation for feasibility analysis and gap identifications.
- 7.0 The above are brought to notice for compliance.

This issues with the approval of Principal Accountant General.

Encl.- As above (Soft Copy)

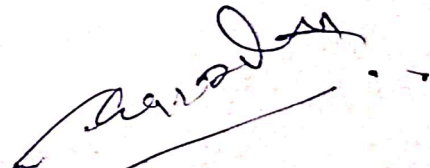

Sr. Audit Officer/SMU

Endt. No. SMU/2025-26/F-1/O.O. - 84/SR-1653 to 1664

Date 29.08.2025

Copy for information and necessary action: -

1. Secy to PAG (Audit)-I, M.P., Gwalior
2. DAG/AMG-I, AMG-II, AMG-III, AMG-IV & AMG-V
3. SrAO/ITA, APDAC
4. SrAO/IS Wing for updating on Official Website
5. Assistant Director/Raj Bhasha for Hindi Translation
6. Shri Naresh Ahuja, AAO for intranet/internet related work
7. Guard File


Sr. Audit Officer/SMU