

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

No. SMU/2025-26/F-01/ 0.0-85

Date 22.08.2025

**Office Order**

**Sub:** Peer review of sample products for improving audit quality and efficiency.

1. 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, to enhance quality, efficiency, uniformity and transparency (and by extension, accountability) of audit functions across Central Region, mechanism entailing random selection of a field office (HoD) to evaluate one performance audit product and one compliance audit product of another field office within the Region has been established in form of a standardized Peer Review Framework.
2. The evaluation shall include both the audit product and the underlying processes, with emphasis on audit quality, documentation integrity, compliance with prescribed standards and operational efficiency (optimal utilization of resources) along with promotion of learning and knowledge sharing and mitigation of systemic deficiencies.

The purpose is communicated in the letter as following-

- Offer an objective external appraisal of audit products and processes in field offices.
- Ensure conformity of the audit product with all applicable auditing standards.
- Strengthen quality, documentation, efficiency, and the actionability of recommendations.
- Facilitate intra-region knowledge sharing and capacity building.
- Align audits with established benchmarks and identifying avenues for systemic improvements, both in audit quality and audit processes.

3. The objectives of the Peer Review Framework are outlined as following-

- ✓ Evaluation of audit product quality in respect of clarity, comprehensiveness, accuracy, and utility.
- ✓ Evaluation of audit processes for adherence to standards, encompassing planning, execution, documentation, and quality oversight.
- ✓ Assessment of documentation quality to ascertain completeness, traceability, and support for audit assertions.
- ✓ Examination of audit efficiency in terms of resource deployment, timeliness, and quality and efficiency of stakeholder engagement.

- ✓ Quality of recommendations for specificity, measurability, feasibility, and alignment with audit conclusions.
- ✓ Identification of strengths, lessons learnt, pitfalls, good practices, and scopes for improvement in both products and processes.
- ✓ Suggest S.M.A.R.T<sup>1</sup> recommendations for improvements in both products and processes.

4. Scope of the regional peer review is as follows:-

- ❖ Scope of this regional peer review shall be confined to one randomly selected performance audit product and one compliance audit product from a designated field office, which has been finalized (submitted to CAG as a draft or after final approval, whichever is feasible/applicable) within the preceding 12-18 months.
- ❖ The review will encompass both the audit product (e.g., reports, findings, recommendations) and the connected processes (e.g., topic selection, team composition, execution methodology, supervision and quality controls) to ensure their alignment with established standards and best practices.
- ❖ **Dependencies:** Peer Reviewer HoD and other key resource availability and alignment with the schedules of the peer reviewed HoD. Central Region Wing, if required, will offer guidance in this regard.

Aspect	Instructions of Hqrs.	Action Plan (As peer reviewer/ when being peer reviewed)
Selection Process		
Reviewer Designation	The ADAI shall randomly nominate an HoD from within Central Region as the peer reviewer, subject to administrative suitability and availability, as well as avoidance of reciprocal arrangements to preserve objectivity.	As peer reviewer - PAG sectt. to forward email to APDAC for further process.

<sup>1</sup>SMART means Specific, Measurable, Achievable, Relevant, Time-bound.



Product selection	The peer reviewer shall randomly select one performance audit and one compliance audit product from the assigned peer reviewed office. Selection shall be limited to products which have been approved by ADAI and have been submitted to CAG or have been approved by CAG (sensitivity and confidentiality shall be decided by the ADAI).	As peer reviewer - It shall be followed as and when communicated from the central region.
Team Formation	The peer reviewer shall be competent to constitute a team of 2-3 members drawn from within his office.	As peer reviewer - APDAC to constitute a team on nomination of this office as peer reviewer as per the instructions.
Time Period	The peer review shall be completed within 2 weeks (decision to conduct a remote or in person peer review shall rest with the peer reviewer). Final report shall be submitted to the ADAI within 30 days from the date of completion of the peer review.	As peer reviewer - ITA section to monitor progress for adherence to timelines for peer review and its report as per the instructions
Review Process		
Preparation phase	The peer reviewed HoD shall furnish requisite documents and facilitate interactions with personnel.	When being peer reviewed- ITA section to coordinate peer review of this office as per the instructions.
	One Group Officer from within the peer reviewed office may be nominated as the nodal.	When being peer reviewed- ITA section shall process nomination of a Group officer as the nodal as per the instructions.
	The peer reviewer shall formulate a review plan and convene an entry meeting with the reviewed HoD and explain his requirements.	When being peer reviewed- ITA section shall process on receipt of formulation of the review plan and communication of convening of an entry

		meeting by peer reviewer and the requirements of the peer reviewer.
Execution phase	Collate evidence via documentary analysis, staff interviews and procedural observations.	<b>As peer reviewer -</b> <ul style="list-style-type: none"> <li>▪ The reviewing team shall follow the instructions.</li> <li>▪ To be monitored by ITA, whether as peer reviewer or when being peer reviewed as per the given instructions.</li> </ul>
	Conduct exit meeting to discuss the recommendations and/or initial observations.	
	At all times, the reviewer shall uphold the confidentiality of the audit report(s)/product(s).	
Criteria for review	The evaluation criteria for both the audit product and audit process will be benchmarked against CAG standards, PA/CA Guidelines, and best practices. Emphasis shall be placed on topic selection, team selection, lessons learnt, pitfalls, good practices, and scopes for improvement. The qualitative grading (e.g., 'Exceeds Standards', 'Meets Expectations', 'Needs Improvement') for each aspect of the product and process will finally lead to the overall grading of the peer-reviewed office's products	<b>As peer reviewer -</b> The peer review team to follow these instructions.
Criteria for Audit Product Review	Key evaluation points for aspects of Quality and Recommendations as given in the letter.	<b>As peer reviewer-</b> The peer review team to follow the instructions pertaining to criteria for Audit product review as Key evaluation points viz-a-vis the aspects of Quality and Recommendations. ITA section to monitor.



Criteria for Audit Process Review	Key evaluation points for aspects of Documentation, Adherence to Standards and Efficiency as given in the letter.	As peer reviewer-The peer review team to follow the instructions pertaining to criteria for Audit process review as Key evaluation points viz-a-vis the aspects of Documentation, Adherence to Standards and Efficiency. ITA section to monitor.
Reporting	The report shall properly highlight good practices for adoption intra-region, as well as detail improvement areas.	As peer reviewer -The peer review team shall follow the instructions. ITA section to monitor
	For the audit product, the report shall detail assessments of quality and recommendations, visual attractiveness, pitfalls, good practices and scope for improvement.	
	For the audit process, the report shall comment on documentation, adherence to standards, efficiency, pitfalls, good practices and scope for improvement.	
	Recommendations shall be explicitly mapped to the peer review objectives. The draft report shall be circulated to the reviewed AG for factual validation (response within 2 weeks). The final report, endorsed by the reviewer AG, shall be submitted the ADAI (CR) within 45 days of completion.	



Implementation and Follow-Up	The peer reviewed PAG/AG shall formulate an action plan for recommendations, categorizing them by urgency (high/medium/low) and horizon (short-term: <1 year, long-term: 1-3 years), and submit a documented Action Taken Report to the Central Region Wing before the submission of the next year audit plan.	When being peer reviewed-ITA section shall make action plan for recommendations and prepare documented action taken report to be sent to CR Wing as per the instructions.
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The above are brought to notice of all concerned in the office of Principal Accountant General (Audit-I) MP, Gwalior with an objective to keep abreast of the processes and ensure that the processes and products are consistent with the above guidance note.

This issues with the approval of Principal Accountant General.

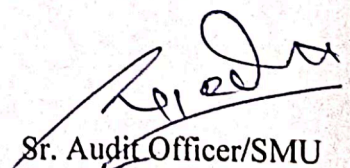
Encl.- As above (Soft Copy)

  
Sr. Audit Officer/SMU

Endt. No. SMU/2025-26/F-1 /O.O.-85/STR-1665 to 1676 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