



DO No. FN-18011/1/2022

September 21, 2022

Dear *Sir/Madam,*

NGRBA framework envisages quarterly internal audit of both NMCG and SMCGs. Internal audit is a key instrument of internal control and financial discipline, and their findings/recommendations need to be suitably used in systemic improvement.

2. While it is heartening to note that all SMCGs have now completed internal audit for FY 2021-22, none of them adhered to the prescribed quarterly timelines. Some of them have clubbed internal audit reports of multiple quarters. This defeats the very purpose of the internal audit, which is envisaged as a concurrent oversight mechanism.

3. Going forward, it is imperative that the internal audit reports are optimally utilized in improving financial discipline and strengthening the oversight system. All SMCGs are advised to place the internal audit report before their respective Audit Review Committees and take remedial actions in respect of the deficiencies documented.

4. For the current financial year, internal audit may be conducted strictly as per guidelines prescribed, i.e. after completion of each quarter in such a manner that the report of a particular quarter may be discussed in the audit review committee meeting held during the next quarter. SMCGs may also be required to report action taken on their respective Internal Audit Reports for FY 2021-22 during the next meeting of the Audit Review Committee of NMCG,

5. I request for your personal intervention in streamlining this important process of key financial control.

With regards,

Your sincerely,

(Bhaskar Dasgupta)

To

Project Director, SMCG, Bihar/Jharkhand/Uttarakhand/Uttar Pradesh/West Bengal

**Copy to :**

Director, Finance, SMCG, Bihar/Jharkhand/Uttarakhand/Uttar Pradesh/West Bengal

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PS to DG

ED(Projects)/ ED(Technical) / ED (Admn) / Advisor (JG) / Sr. Consultant (BS)