

The Kerala State Audit Department takes its present form from the three sister units of Audit Department of the former Travancore, Cochin and Madras States following the formation of Kerala State comprising the areas which were under the administration of these three States. Kerala State Audit Department was formed in Travancore in 1942.

The formation of this Department is attributable to the Constitution and growth of authorities intended for the local administration of the urban and rural areas in the respective parts of the State. Following the re-organisation of the States and formation of Kerala State with effect from 01.11.1956, the audit of accounts of institutions in the former Malabar-Kasargode area which was under the control of the Examiner of Local Fund Accounts, Madras was transferred to this Department. The Department was reorganized in GPR Dis.29061/56/Fin dated 17/04/57 w.e.f 01/05/1957 and three zones i.e South Zone with H.Q at Thiruvananthapuram, Central Zone with H.Q at Ernakulam and North Zone with H.Q at Kozhikode were formed. The Kerala Local Fund Audit Service was constituted vide G.O (P) No.638/P.D (Rules) dated 03/10/1960. The Kerala Local Fund Audit Subordinate Service was constituted in G.O (P) No.639/PD dated 03/10/1960. The Department was again reorganised in G.O (Ms) No.733/79/Fin dated 13/08/1979 and classified the the department into Head Office, District Offices and Functional Audit Offices from 01/09/1979 and the zonal system was abolished.

As per Articles 243 J and 243 Z of the Constitution, the State may, by law, make provisions for maintenance of accounts of PRIs/ULBs and their audit. Consequently the Kerala Local Fund Audit Act 1994, the Kerala Municipality Act 1994 and the Kerala Panchayat Raj Act 1994 were enacted

The Kerala Local Fund Audit Act, 1994 (Act 14 of 1994) was notified in the notification No.11671/Leg.A2/93/Law dated 11/05/1994 (published in Gazette Extra Ordinary No.446 dated 11/05/1994). In G.O (P) No.51/04/Fin dated 22/01/2004, Finance Department has notified the commencement of the LFAD Act with effect from 15/01/1996.

The Kerala Local Fund Audit Rules, 1996 was notified vide G.O (P) No.180/96/Fin dated 09/02/1996 (S.R.O 176/96 published as Extra Ordinary Gazette No.222 dated 12/02/1996). The Kerala Local Fund Audit Service Rules, 2008 was notified vide GO(P) No.263/2008/Fin Dt.20.06.2008.

According to Section 9(1) of the Kerala Local Fund Audit Act 1994, the Local Self Government

Institutions were required to submit annual accounts to the Director of Local Fund Audit within four months after the completion of the financial year and the audit to be completed within six months (Section 10 of Kerala Local Fund Audit Act 1994).

With the 73rd and 74th Amendment of the Constitution, three tier Panchayat Raj Institutions became a reality. The enactment of the Kerala Panchayat Raj Act and Kerala Municipality Act witnessed decentralisation of powers and functions. With the introduction of decentralisation of powers, funds from various Government Agencies have been devolved to LSGIs. Thus the quantum of work of this Department, being the Statutory Audit Agency of LSGIs, has been increased many fold.

The Department was renamed as Kerala State Audit Department as per the G.O.(Ms)No 24/15/Fin dated 14-01-2015 and G.O. (Ms) No.103/15/Fin Dated 28-02-15.