

PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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**CAG holds National Conference of State Secretaries to Strengthen
Accountability and Transparency in Local Governments**

**Enhancing Maturity of Accounts of Local bodies to get Priority: K Sanjay
Murthy**

Assessing asset management and operational efficiencies of urban local bodies largely depend on the maturity of their accounts and their preparation. This was stated by Shri K Sanjay Murthy, Comptroller and Auditor General of India while addressing the National Conference of State Secretaries to strengthen Accountability and Transparency in Local Governments here yesterday. “Ministry of Housing and Urban Affairs has done significant work in bringing transparency and visibility to the preparation of accounts through the city finance portal where in all the accounts of local bodies are being uploaded” said the CAG. Building upon that, I think the priority of the CAG will be to assess the maturity of these accounts that have been prepared and as a pilot some 700 accounts across geographies have been analysed to see the maturity of these accounts.” There have been significant observations on the quality of these accounts that have been prepared and CAG reiterated to stand alongside the State Governments in preparing better quality of accounts as we go forward.

Shri Murthy stated that the 16th Finance Commission grants have increased more than two times and one particular scheme itself called the Urban Challenge Fund has a potential investment of more than four lakh crores to be leveraged. Each State follows its own mechanism in making grants to local bodies and therefore these transfers get reported without the desired uniformity. This has become more important during the award period of the FC-16 since it has recommended that 10% of the grant be linked to the states transferring to their local bodies from their own resources at least an amount equal to 20% of the basic grant recommended by FC-16 for local bodies in the State. Shri Murthy also shared the opinion of the FC that CAG could uniformly and transparently report the grants

given by States to their local bodies. It would provide valuable information as well as enable proper implementation of this conditionality.

In their recommendations, FC-16 has highlighted the importance of timely and accurate accounts and audit of local bodies. It has recognized the role played by enabling systems like e-Gram Swaraj and noted efforts like mapping of charts of accounts. Shri Murthy further shared the opinion of the 16th FC that CAG is mandated with the responsibility of Technical Guidance and Supervision of local bodies. Active involvement of CAG would be of great help in ensuring timelines and improving quality of accounts and audit by CAG.

Shri Murthy stated that now in that journey we have also built our own capacities to address this very important sector in two ways. The commercial cadre which looks at financial statements of cities will be doubled in the next 4-5 years and secondly their capacities enlarged for examining newer financial products also.

Addressing an afternoon session, Secretary, Ministry of Panchayati Raj, Shri Vivek Bhardwaj thanked the CAG not only for organizing this conference, but recognizing that preparation of accounts is only half way to transparency and accountability through e-Gramswaraj and Audit Online. It would be impactful if we actually flag all the shortcomings in this area. He said that the department has many conversations over the last few months and is very grateful for CAG's support in ensuring that Panchayat Raj institutions now become examples of what a model gram panchayat should be. This is possible by becoming accountable to its people, addressing their problems and keeping such accounts that they become bankable.

Speaking on the occasion Ms. D Thara, Additional Secretary, Ministry of Housing and Urban Affairs urged the CAG for not only auditing but also facilitating for better preparation of accounts. She also suggested for citizen centric audit of public places. She mentioned that on the urban landscape they have 5000 cities. Whenever you have to handle something of that magnitude particularly when 5000 are not so evenly distributed. She urged that priority be given to the top 500 cities for improving their accounts and for audits.

Best practises from across the country were also presented by State Secretaries and Municipal Commissioners.

In his Concluding Remarks Dy. CAG (LGA) Shri Manish Kumar said that the stakeholders consultation is central to the functioning of the organization of C&AG of India and fruitful discussions with all stakeholders today has ensured a better insight for our audit products and a better collaboration for improved governance.



CAG Shri K Sanjay Murthy addressing National Conference of State Secretaries on Local Governance in New Delhi on 2.3.2026



CAG Shri K Sanjay Murthy presenting Memento to Secretary, MoPR at the National Conference of State Secretaries on Local Governance in New Delhi on 2.3.2026

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