

PRESS RELEASE

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CAG addresses the Conference of State Finance Secretaries

Text of Speech of CAG of India Shri K. Sanjay Murthy at the Conference

'Secretary Expenditure, Ministry of Finance, Government of India, Shri Vumlunmang Vualnam, Deputy CAG (Government Accounts & Chairperson, GASAB), Shri Jayant Sinha, Finance Secretaries of States, Controller General of Accounts, Controller General Defence Accounts, Member Finance (Railways), Member Finance (Telecommunication), representatives from the Reserve Bank of India and Senior Officers of the Indian Audit and Accounts Department.

It gives me great pleasure to welcome you all to the second conference of State Finance Secretaries. As you are all aware, this forum is to address important issues relating to public finance management of states, and to also share their best practices, which can be replicated in other states also. As you are aware, in the first conference, there were important subjects listed, which pertain to harmonization of head-of-accounts, advancing timelines for preparation of monthly single accounts, and review of grant names.

Later in the day, we will have detailed presentations on all these subjects, and one commendable feature that has emerged from these are the advancement of the monthly single accounts, which I congratulate and commend all of you for the assistance and support that you have given to realize this on the request of the Ministry of Finance.

Now today, **in this Second Conference of State Finance Secretaries, a number of important topics** relating to strengthening public finance are proposed to be deliberated upon. These include issues relating to

- **'Leveraging IT System and Digital Platforms for Better Governance in States',**
- **'Strengthening Accounting and Audit of State Public Sector Entities and Autonomous Bodies',**
- **'Issues relating to Centrally Sponsored Schemes',** and

- **‘Dissemination of Good Practices on Public Finances observed in States’.**

I am happy to note that the State Governments are making advances in the adoption of technology in bringing about greater efficiency in the public financial management framework. The roll out of critical public finance IT infrastructure such as the Integrated Financial Management Information System (**IFMIS**), Works and Accounts Management Information System (**WAMIS**), Government e-Procurement Platforms (**GePNIC**), e-voucher Systems, **Digital India Land Record** Modernisation Programme (DILRMP), Inspector General of Registration (IGR) Portals will not only strengthen the digital footprint in States but also bring in greater transparency and accountability, thereby aiding the governance. However, there is lots of **difference in the maturity level** of these digital applications. **For instance, there are States like Assam, Andhra Pradesh, Bihar, Rajasthan, Uttarakhand, Odisha, who are sending e-vouchers** and there is **no flow of physical vouchers** from State Government to AG offices. On the **contrary**, there are some States which are **sending physical vouchers to the AG** and which are being punched by AG office to prepare the Monthly Civil Accounts. In some States, there are **concerns about the security and legality of e-vouchers, which should be resolved with the adoption of latest technologies.** Another area which needs **top priority is integration of various IT applications like e-Procurement, WAMIS with IFMIS and other applications for robust data validation and for better monitoring through MIS reports.** One of the positive outcomes of digitisation and integration is already in clear evidence with respect to finalization of Monthly Civil Accounts of States. As against the target date of finalisation of Monthly Civil Accounts of each State by 25th of the succeeding month, in 7/8 States, accounts are being finalized by 10th of the succeeding month and in another 7/8 States by 15th of the succeeding month. This is a success story of close coordination between key stakeholders like the Finance Department & Accountants Generals in the States and Reserve Bank of India.

At present, we are working on priority to fully utilise the various latest **technological solutions available for risk assessment and distance/remote auditing.** At present, we have **successfully conducted the remote audit of GST, Stamp and Registration, e-Procurement, Works Audit, DBT Schemes in some States.** Now, our target is to roll out this remote audit in all Departments across the country wherever Departments have digitised their data/records. Another **key area of remote audit is to find out the tempering of electronic documents.** **With the help of AI/ML, we found a large**

number of fraudulent cases in many States while auditing their beneficiary's schemes. This AI/ML based forensic audit can save significant financial resources of State Government which are presently being fraudulently misused. Digitisation of our auditing processes is currently our **topmost priority to ensure that** (a) remote audits with **less hassles to Executive**; (b) **timely audits** and to provide **greater assurance to stakeholders** and, (c) **greater coverage, for example, 100 % in GST/IT audits** of databases etc.

On the topic of **Accounting and Auditing of State Public Sector Enterprises (SPSEs) and State Autonomous Bodies (SABs)**, I note that there is a **huge variance in the maturity level of financial management and corporate governance**. Various accounting issues needed immediate attention of States to ensure an efficient and transparent management of these institutions. My office has developed a maturity matrix for these two sectors to identify those institutions which needs immediate attention of management. My office will assist the State Governments and other stakeholders to monitor the improvement in the financial management of the individual institutions. **I am sure that the panelists will dwell on these issues and come up with the way forward.**

With respect to **Centrally Sponsored schemes**, I understand **some States have taken initiatives to strengthen budgeting and accounting of the schemes, among others, by creating separate budget lines for Central and State shares, mapping schemes with Sustainable Development Goals (SDGs), and linking relevant State schemes to CSS**. The deliberations at today's Conference will, surely bring out the good practices/innovation of States, which can be considered for adoption by all.

I understand that **certain good practices in public finance adopted by States and RBI are being presented today**. I will be happy to see more such good practices being **shared amongst States** and I hope that the Conference will provide a forum for their **wider dissemination**.

I would also like to **share positive development with respect to end-to-end digitization of entitlement functions being implemented by Accountants General in States**. Currently, in **19 States there are over 67 lakh pensioners and over 24 lakh subscribers of General Provident Fund (GPF) in 20 States**, which are being dealt with by respective Accountants General (A&E). I am happy to note that **in 6 States, end-to-**

end digitization has been completed with respect to Pension function; **likewise in 10 States, end-to-end digitization of GPF function has been completed.** There is a complete end-to-end digitisation in these cases, which means that there exists a seamless digital interface and there is no physical transmission of papers in respect to these functions. This has been made possible due to the close coordination between the State Government and the respective State Accountants General (A&E). However, there **are still a few States where support from the State Government is required** to complete this initiative in a time bound manner. **I would encourage the Finance Secretaries to initiate actions whereby this exercise can be completed, thereby benefitting millions of personnel both serving and retired in the State Governments.**

The Government Accounts Wing of the CAG Office has also, in a first of its kind initiative, prepared a **Publication on State Finances for FY 2022-23.** The Publication, which is being unveiled today will provide **an overview of finances of 28 States for the year 2022-23, together with fiscal data and analysis relating to the 10 year period from FY 2013-14.** The Publication provides a wealth of fiscal data with respect to numerous fiscal parameters relating to revenues, expenditure, public debt and liabilities, deficit indicators and guarantees. I am sure, the Publication, which will now be prepared annually, **will be beneficial for policy makers in the States, public finance managers, academia, researchers and capacity building institutions dealing with public finances.**

I would also like to **share that Pr. Accountant General (A&E) Telangana,** has taken the **initiative of District-level engagement with State government for building capacity of State Government officials in finance, accounts and entitlement functions at the grassroots level.** An MOU is being signed by the office **with the Finance Department, Government of Telangana and Dr. MCR HRD (Dr. Marri Channa Reddy Human Resource Development), Institute,** which would **facilitate the training of all their DDOs/Treasury Officers/ Budget officers in a given timeframe.** The training would not only help in improving the quality and timeliness of accounts but also sensitise them about rules and procedures on entitlement matters, so that common errors do not recur while forwarding Pension and GPF final payment papers to the A&E offices.

Audit of Local Government Institutions (ULBs & PRIs) is another important area which we cannot ignore, as **nearly 15 cities of the country contribute over 50 % of the**

country's GDP and Cities like Mumbai, Delhi, Bengaluru, Chennai and Hyderabad contribute about 30 % of India's GDP and these cities could add 1.5% more annual GDP growth. **Budget of the Ministry of Housing and Urban Affairs has increased over nine-fold since 2009-10, growing at a compounded annual growth rate of more than 16 %.**

Besides, a new initiative announced by the Government of India in the Union Budget 2025-26 provisions for a **Urban Challenge Fund (UCF) a ₹1 lakh crore fund** aimed at transforming cities into economic hubs by improving infrastructure and promoting sustainable development.

Despite the enhanced funding, still the cities face issues such as pollution, traffic jams, slums, water shortages and poor digital infrastructure. Therefore, **our combined efforts should be directed towards - how we can shift from accounting to City Financial Management by data driven decision making for vibrant future of our cities.**

We at CAG are focusing on audit of Urban Local Governments (ULGs) including in areas such as **"ease of living"** with special focus on 100 cities with population greater than five lakhs. The focus would be to evaluate the progress made by these cities vis-à-vis the availability of (a) **Core infrastructure** i.e. a reliable supply of essential services like water, electricity, and sanitation; (b) **Sustainable Environment** i.e. creating a clean and green urban landscape, developing green spaces, promoting renewable energy and building sustainable transportation systems, (c) **Quality of Life** i.e. Improving the living standards of citizens by providing better services and amenities and (d) **Economic Growth** i.e. fostering a conducive environment for job creation and investment'.

Similarly, we are auditing status of **Ease of Doing Business in various State Governments with special focus on MSMEs, Start-ups in various sectors.** Here we would look into critical areas such as Cross-department integration, Federal levels onboarding, Key department integration, Tracking Redundancies, Bottleneck resolution, Capacity building progress, User satisfaction involving end-to-end journey testing from account creation to final approval on the NSWS portal and the system of Grievance redressal.

Ladies and gentlemen, as we move forward, the path to a **Viksit Bharat** rests on a strong foundation of fiscal governance, transparency, and accountability at every level—from our national institutions down to our local bodies. Our discussions here today have

reinforced the critical importance of leveraging technology, reforming urban financial management, and ensuring that our public funds deliver tangible value to every citizen.

I look forward to the Finance Secretaries sharing their rich and varied experience and to an engaging discussion on the topics of Public Financial Management, which are slated for deliberation today. With these words, I wish all success to today's deliberations'.

On this occasion **Publication on State Finances for FY 2022-23**, was unveiled by CAG Shri K. Sanjay Murthy, Expenditure Secretary Shri Vumlunmang Vualnam and Deputy CAG Shri Jayant Sinha.

Senior officials from the Union Finance Ministry, Finance Secretaries of State Governments, the Reserve Bank of India, the Controller General of Accounts (CGA), and the heads of the accounting services of Railways, Telecommunications, and Defence, along with the Accountants General representing the CAG's audit and accounts offices in the States, participated in this high-level Conference, under the aegis of CAG of India. Approximately two hundred delegates from across the country attended this full day Conference. There were four important technical sessions held during the conference.



CAG Shri K. Sanjay Murthy, Expenditure Secretary Shri Vumlunmang Vualnam, and Deputy CAG Shri Jayant Sinha releasing Publication on State Finances at the Conference of State Finance Secretaries on 19.09.2025 in New Delhi



CAG Shri K. Sanjay Murthy addressing at the Conference of State Finance Secretaries on
19.09.2025 in New Delhi

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