



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

COMPTROLLER AND AUDITOR GENERAL OF INDIA

ANNUAL REPORT 2025-26



— ◆ —
COMPTROLLER AND AUDITOR GENERAL OF INDIA

— **ANNUAL REPORT 2025-26** —

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Foreword

by the Comptroller and Auditor General of India



SAI India worked to deepen the relevance and impact of its audit and accounting functions, drawing more on data analytics, risk-based planning, thematic examination and outcome-oriented assessment.



It is my privilege to present the Annual Report of the Supreme Audit Institution of India for the year 2025-26. It places before our stakeholders an account of how SAI India has discharged its constitutional responsibilities, deepened its professional capabilities and restructured its work processes in a changing governance environment.

At a time when governance systems are becoming more complex, more digital and more interdependent, institutions of public accountability must also renew themselves with equal purpose. Audit today is no longer confined to detecting deviations or reporting irregularities. Its larger value lies in generating credible insights, identifying systemic risks, enabling course correction and supporting better decision-making.

In discharging our core mandate during the year, 249 Audit Reports were approved for presentation to Parliament and the State

Legislatures. We also carried out 8,793 financial certification audits during the year. As a result of scrutiny of public expenditure and receipts, we contributed to the financial recoveries of over ₹4,250 crore. These outcomes remain the base of our work, but the larger story of 2025-26 is how the institution itself is being reshaped through wide-ranging reforms.

During the year, SAI India worked to deepen the relevance and impact of its audit and accounting functions, drawing more on data analytics, risk-based planning, thematic examination and outcome-oriented assessment. Cross-scheme audits, sectoral studies, data-led and remote audits and focused work in emerging areas reflect our effort to keep audit aligned with current governance challenges and citizen-centric priorities.

We brought out sectoral Management Letters that give policymakers a short,

usable read on areas needing attention. We published two editions of decadal analysis on State finances covering receipts, expenditure, liabilities and key fiscal parameters across all 28 States, to support evidence-based policymaking and further research. In areas of national priority, we began thematic and sectoral audits including Ease of Doing Business in taxation, freight operations, Foundational Literacy and Numeracy, multimodal logistics, the power sector, and an audit of 101 Cities to assess ease of living from the citizen's perspective.

Public Financial Management (PFM) remained a central area of attention. The preparation and certification of State accounts, analysis of State finances, harmonisation of accounting classifications, engagement with Finance Secretaries and the work of GASAB all help improve the quality, comparability and transparency of public financial information. Reliable public accounts are indispensable for sound fiscal governance, and SAI India remains committed to strengthening the wider PFM framework that underpins them. These measures were matched by cadre optimisation, deployment of specialised talent, competency mapping, performance-management reforms and a stronger training ecosystem, including the establishment of Centre of Excellence for Financial Audit (CoEFA). Together they aim to bring decision-making closer to the field, deepen sectoral expertise and improve the quality and timeliness of audit outputs.

Technology remained a key enabler. Digital platforms, remote and hybrid audit methodologies, data analytics and digital interfaces have begun to reshape the audit lifecycle. Initiatives such as OIOS, CAG Connect and technology-enabled analysis of public finance data make audit more evidence-based, timely and accessible,

while improving follow-up, reducing information asymmetry and enabling more structured interaction with audited entities.

On the international stage, SAI India continued as External Auditor to five major UN-system organisations: the World Health Organisation, the Food and Agriculture Organisation, the International Atomic Energy Agency, the International Labour Organisation and the Organisation for the Prohibition of Chemical Weapons. Through our training institutes, we ran knowledge-sharing programmes for over 1,100 audit professionals from more than 70 Supreme Audit Institutions and contributed to the global audit community by chairing key INTOSAI forums and hosting major meetings under INTOSAI and ASOSAI.

The next phase of institutional development will require deeper expertise, stronger audit and accounts capabilities, greater use of technology and data, and meaningful stakeholder engagement. A culture of innovation and continuous learning will help SAI India remain trusted for its integrity, respected for its competence, and valued for its contribution to better governance and citizen outcomes. I acknowledge the dedication and professionalism of the officers and staff of SAI India. I also place on record my appreciation for the continued engagement of Parliament, State Legislatures, governments, audited entities and other stakeholders in strengthening public accountability. I am confident that SAI India will continue to serve the nation with independence, diligence and an unwavering commitment to public accountability, in our collective journey towards a Viksit Bharat.



(K. Sanjay Murthy)

Comptroller and Auditor General of India

Preface

The Supreme Audit Institution of India (SAI India) presents this Annual Report for 2025–26 covering its work during the year, of how it discharged its constitutional responsibilities, strengthened public financial management, modernised its audit and accounting processes, developed institutional capacity and responded to emerging challenges in governance.

The year was marked by a continued shift towards integrated, data-led and outcome-oriented audit, moving beyond organisational and functional silos. Subjects such as Ease of Doing Business, multimodal transport and logistics, and Foundational Literacy and Numeracy required coordinated examination across Ministries, States, sectors and audit offices, while collaboration between Audit and Accounts and Entitlement offices enabled greater use of State financial systems and digital data. SAI India also strengthened the wider public financial management framework through the certification of government accounts, decadal analysis of State finances, modernisation and harmonisation of accounting systems, digitisation of pension and General Provident Fund functions, engagement with State Finance Secretaries, and the work of the Government Accounting Standards Advisory Board.

Institutional reforms included decentralisation through regional offices, reorganisation of audit structures, cadre optimisation, new specialised offices and centres, a strengthened training ecosystem,

competency development, and greater use of technology in audit, human-resource management and internal administration. SAI India also deepened its engagement with stakeholders, knowledge institutions, professional bodies, international organisations and other Supreme Audit Institutions.

The report is organised into five chapters. The first provides an overview of SAI India, including its legacy, mandate, organisational structure and guiding values. The second presents the key initiatives of the year across audit, accounts, organisational reforms, strategic deliberations, knowledge and skills development, and stakeholder engagement. The third describes the enablers supporting this work, including digital and data transformation, human-resource reforms and international relations. The fourth illustrates the impact of CAG's work, from legislative and regulatory reform and financial recovery to strengthened controls and environmental, social and technology-enabled outcomes. The fifth sets out the initiatives proposed for 2026–27 and the future direction of SAI India.

The report has been compiled from the contributions of SAI India's field offices, Headquarters wings and training institutions. It is intended for our stakeholders: the Legislatures, the Executive, audited entities, fellow Supreme Audit Institutions, researchers

and the citizens of India. In presenting both the work undertaken and the outcomes emerging from it, the report seeks to make the functioning and contribution of SAI India more accessible.

SAI India acknowledges the dedication of its officers and staff and the cooperation extended by Parliament, State Legislatures,

governments, audited entities and other stakeholders, whose continued engagement is essential to strengthening public accountability. The institution welcomes feedback from its readers, which will help it present its work with even greater clarity and relevance in the years to come.



(K. S. Subramanian)

Deputy Comptroller and Auditor General
(HR, IR, Coord. and Legal)

CAG in 2025-26

Snapshot

♦ —
AUDIT

Audit Reports Approved

UNION

39

STATE

210



Audit Reports Tabled

UNION

40

STATE

174



Units Audited

UNION

13,010

STATE

21,705



Inspection Reports Issued

UNION

9,242

STATE

18,397

Inspection Reports Issued
within 30 Days

UNION

84.67%

STATE

70.32%



Companies Audited

UNION

485

STATE

974

Financial Certification
Audits

UNION

2,769

STATE

6,024

Action Taken
Notes on Audit
Reports / Paras Settled

UNION

1,685

STATE

800

Recommendations
Accepted

UNION

108

STATE

1,285

Recoveries Effected
through Audit (₹ in crore)

UNION

2,077.59

STATE

2,122.01

CAG in 2025-26

Snapshot

ACCOUNTS &
ENTITLEMENTAccounts and
Entitlement Offices

29

Publications on Decadal
Analysis of State Finances
(2022-23 and 2023-24)

02



Treasuries Inspected

1,959



Recoveries Effected

₹ 51.74 crore

Original and Revision
Pension Cases Settled

4,39,712

97.60% of cases received

GPF Final Payment
Cases Finalised within
Prescribed Time

2,06,178

89.48%

Timely Redressal of Grievances
from Pensioners / GPF Subscribers

94.44%

CHAPTER 01

About the
**Supreme
Audit
Institution
of India**





01

About the Supreme Audit Institution of India

 **SAI India has evolved from an institution primarily concerned with financial compliance to one that also undertakes performance, information technology, environmental and thematic audits covering increasingly complex governance challenges.**

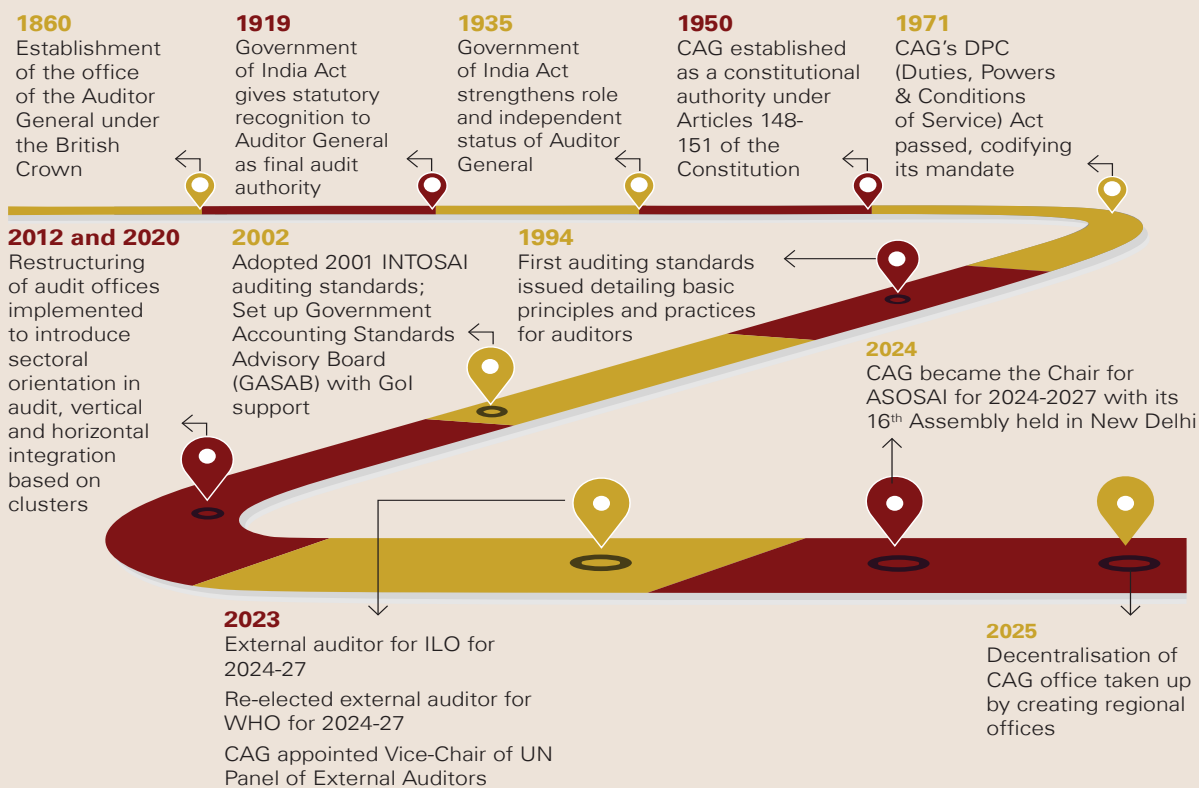


The Comptroller and Auditor General of India (CAG) and the Indian Audit and Accounts Department (IA&AD) functioning under the CAG, together constitute the Supreme Audit Institution of India (SAI India), a unified audit mechanism in India's federal framework under the Constitution of India. SAI India serves as a cornerstone of the nation's public accountability framework and promotes accountability of the executive to Parliament and State Legislatures through independent audit and accounting functions.

1.1. Our legacy

After 1857, the British Crown took over Administration of India and passed the Government of India Act, 1858. This Act introduced a system of an annual budget of Imperial Income and Expenditure in 1860. The budgeting system laid the foundation stone of Imperial Audit. Sir Edward Drummond took charge on 16 November 1860 as the first Auditor General. Over the decades, the institution evolved in response to changes in governance, public finance and constitutional arrangements, ultimately emerging as an independent constitutional authority dedicated to promoting accountability and transparency in public administration.

Figure 1: Milestones in our legacy



*ASOSAI: Asian Organisation of Supreme Audit Institutions; INTOSAI: International Organisation of Supreme Audit Institutions, ILO- International Labour Organisation, WHO-World Health Organisation

The evolution of SAI India has been marked by continuous modernisation, adoption of internationally accepted auditing standards, strengthening of professional capacity and increasing use of technology and data analytics. The institution has also played an active role in international forums, contributing to the development of public sector auditing practices globally. As SAI India enters another year of service, these milestones reflect a legacy of institutional independence, professional excellence and unwavering commitment to public accountability.

1.2. About SAI India

Articles 148 to 151 of the Constitution assign the CAG an important role in upholding legislative accountability of

government departments. The CAG audits the accounts of the Union and State Governments and compiles the accounts of State Governments and Union Territory of Jammu & Kashmir (except Goa, Delhi, and Puducherry). Principal Accountants General/ Accountants General represent the CAG in the States.

Parliament and State Legislatures authorise taxation and expenditure through budgets and appropriations. Government Departments and public bodies are required to adhere to prescribed standards of propriety, regularity and probity in the management of public funds and remain accountable for both the quantity and quality of expenditure. As the guardian of the public purse, SAI India examines whether public funds are collected,

managed and utilised in accordance with applicable laws, rules and principles of economy, efficiency and effectiveness. Through its audits, the institution of CAG supports legislative oversight, informs public discourse and contributes to improvements in public administration.

Over time, SAI India has evolved from an institution primarily concerned with financial compliance to one that also undertakes performance, information technology, environmental and thematic audits covering increasingly complex governance challenges.

1.2.1. Our Vision, Mission, and Core Values

Figure 2: Vision, Mission, and Core Values



1.2.2. Independence of SAI India

The Constitution of India, under Article 148, safeguards the independence of the CAG from the executive. Articles 149 and 150 set out the duties and powers of the CAG in relation to the accounts of the Union and the States and provide that these accounts are kept in the form the President prescribes on the advice of the CAG. Article 151 requires the CAG's reports on Union accounts to be submitted to the President and laid before each House of Parliament, and reports on State accounts to be submitted to the Governor and laid before the State Legislature.

1.2.3. Powers of SAI India

The CAG is empowered¹ under CAG's (Duties, Powers and Conditions of Service) Act, 1971 to inspect offices and organisations subject to its audit, to call for records, documents and information, and to determine the scope, extent and manner of audit. The CAG may examine transactions and seek explanations from the executive, and may, when circumstances so warrant, dispense with any part of the detailed audit of any accounts or class of transactions and apply such limited check in relation to those accounts or transactions as he may determine.

¹ Sections 18, 21, 23 and 24 of the CAG's DPC Act 1971

Delegation of powers²- The CAG may delegate powers to any officer of his department; with the exception that, unless the CAG is absent on leave or otherwise, no officer can submit an audit report to the President or the Governor on his behalf.

Powers to make regulations³ - The CAG is empowered to frame regulations governing audit and accounting as per CAG's DPC Act, 1971. In view of significant changes in ecosystem and new paradigms of governance, the 'Regulations on Audit and Accounts' issued in 2007 were reviewed and have been substituted by the Regulations on Audit and Accounts (Amendments) 2020.

1.3. CAG Mandate

The mandate of SAI India emanates from the Constitution of India and is further elaborated through the CAG's DPC Act, 1971. These provisions ensure the institutional independence necessary for the effective discharge of its responsibilities.

1.3.1. Audit Mandate

The CAG's audit mandate, derived primarily from the CAG's DPC Act, 1971 and other parliamentary enactments, extends to:

- All receipts payable into and expenditure from the Consolidated Fund of the Union and the State Governments;
- All financial transactions in emergencies, outside the normal budget (called the Contingency Fund);
- Inflows and outflows of private monies of the public held by the Government as a trustee or banker (called Public Accounts), at the Union, as well as at the State levels;
- All trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept in any Government Department;

- All stores and stock accounts of all Government offices and Departments;
- Government companies; and other companies defined as per the Companies Act, 2013;
- Accounts of all Regulatory Bodies and other statutory authorities/corporations, where the governing laws provide for their audit by the CAG;
- Accounts of all autonomous bodies and authorities substantially financed by the public exchequer;
- Accounts of a body or authority whose audit is specifically entrusted to the CAG, in public interest, by the President/ Governor /Lt. Governor.

In 2025-26, SAI India audited 34,715 entities across sectors and jurisdictions, issued 27,639 Inspection Reports, of which 20,761 were issued within 30 days. A total of 249 Audit Reports were approved during the year which included 1,653 Compliance Audit paragraphs and 163 Performance Audit topics and 3,742 audit recommendations, of which 1,393 recommendations have already been accepted by governments and audited entities. In addition, 8,793 accounts related to Union and State Governments, PSUs, SABs and EAPs etc. were examined and 5,852 audit certificates were issued, contributing to greater efficiency, transparency, and accountability in public financial management. We certified the Union Finance and Appropriation Accounts for the year 2024-25 in December 2025. Finance and Appropriation Accounts for 2024-25 of all the States under the accounting jurisdiction of the State Accountants General (A&E) were also certified during the year. These outcomes underscored both the scale of audit coverage and the growing impact of audit in promoting transparency, accountability and improvements in public administration.

Beyond core audit jurisdiction, CAG's special responsibilities also include:

² Section 21 of the CAG's DPC Act 1971

³ Section 23 of the CAG's DPC Act 1971

- Technical Guidance and Support (TGS) to Local Government bodies;
- Audit of grants and schemes implemented by Local Bodies – (a) verifying the efficient utilisation of funds received as grants-in-aid from Union/State Government, (b) evaluating the performance, outputs, overall implementation of Central/State schemes by LBs, (c) receipts and expenditures substantially financed from the Consolidated Fund of India/States, (d) accounts maturity assessment and prioritisation of accounts improvement;
- Review of compliance with the Fiscal Responsibility legislations; and
- Certification of the net proceeds of shareable Central taxes and duties.

The Supreme Court, in its judgment dated 17 April 2014 relating to telecom service providers, also affirmed the CAG's authority to audit private entities where public revenue interests are involved.

1.3.2. Accounts and Entitlement Mandate

Under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, CAG is responsible for compiling the accounts of the State Governments and preparing and submitting the Finance Accounts and Appropriation Accounts to the President, Governors and Administrators of Union Territories having Legislative Assemblies. The Finance Accounts and Appropriation Accounts 2024-25 of 26 States have been placed in State Legislative Assemblies by March 2026. The CAG under Article 150 of the Constitution also provides technical guidance and advice on

government accounting for framing rules governing maintenance of accounts by Union and State Governments.

CAG also maintains the General Provident Fund (GPF) balances of the State government employees, performs gazetted entitlement functions and processes and authorises pension for State government employees in States where such functions are entrusted to the CAG (details are furnished in Annexure-II).

During the year 2025-26, 4.40 lakh pension cases (97.60 per cent of cases received) were settled, while 2.06 lakh GPF final payment cases were processed within the prescribed timeline. The organisation also ensured timely redressal of 94.44 per cent of grievances received from pensioners and GPF subscribers.

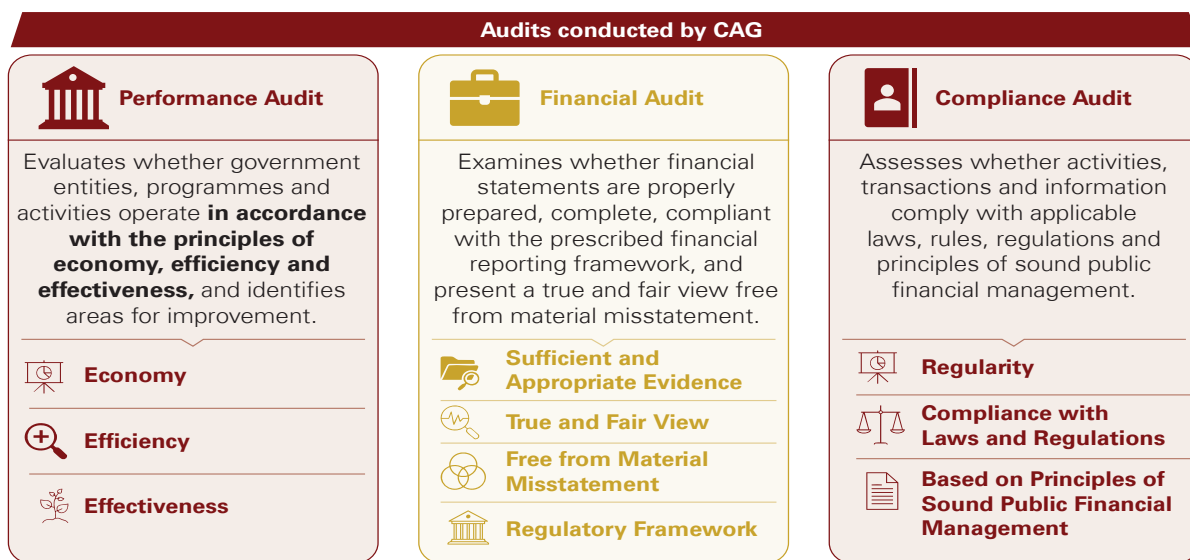
Efforts were undertaken to advance the timelines for closure of Monthly Civil Accounts (MCA) from prevailing closure timeline of the 25th of the succeeding month and hosting of Monthly Key Indicators (MKIs), through sustained engagement with the Reserve Bank of India and State Finance Secretaries. Twenty PAG/AG (A&E) offices were able to close MCA by the 15th of the following month during 2025–26, with 11 of these offices achieving closure by the 10th of the following month. This wider adoption of targeted early closure timeline enabled earlier availability of fiscal information for monitoring receipts, expenditure and emerging fiscal trends.

1.3.3. Types of Audits

The CAG's powers extend to determining the scope, extent, methodology and approach to be adopted in conducting any audit.

There are primarily three different types of audits conducted by SAI India:

Figure 3: Types of Audits conducted by CAG



The audit process follows a structured, risk-based approach that ensures systematic planning, evidence-based execution and effective follow-up of audit findings. Strategic and annual audit plans are prepared on the basis of risk, materiality, significance, audit priorities, and data-driven assessments. Audit teams conduct examinations using prescribed standards and appropriate techniques to gather sufficient and reliable evidence.

Audit findings are communicated through Inspection Reports, while significant observations are included in Audit Reports submitted to Parliament or the State Legislatures. These reports are examined by PACs and CoPUs, and audited entities furnish Action Taken Notes. Follow-up audits then assess the implementation of recommendations, thereby strengthening accountability and improving governance outcomes.

Figure 4: CAG's audit process: Public accountability and impact



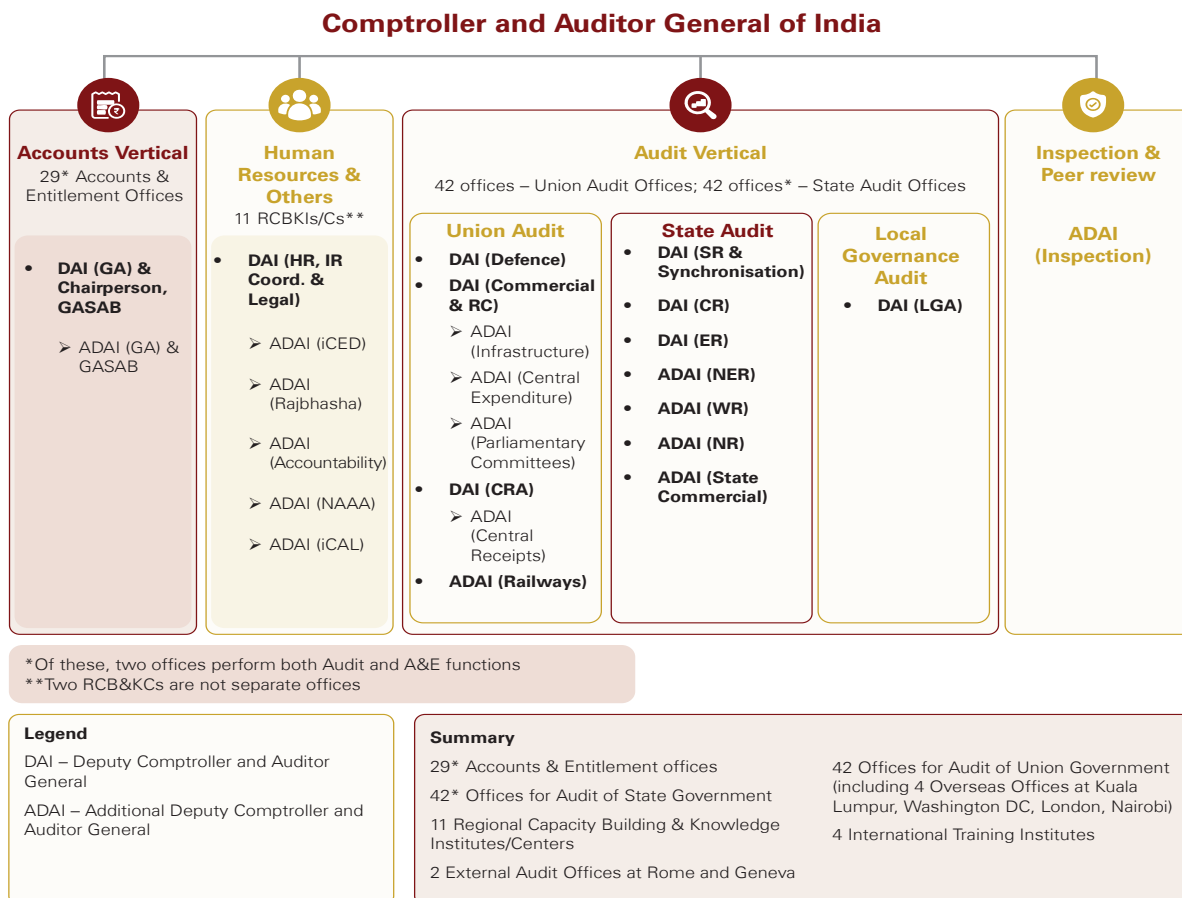
*PAC: Public Accounts Committee; CoPU: Committee on Public Undertakings

1.4 Organisation of SAI India

The CAG discharges his duties through the Indian Audit & Accounts Department. SAI India operates through a nationwide network of audit and accounts offices and specialised institutions. The institution is knowledge-based and human resource driven, with around 38,700 personnel, and 126 field offices, including offices abroad, International Training Institutes, and Regional Capacity Building & Knowledge Institutes/ Centres providing capacity building support. SAI India's verticals are structured according to the functions performed, viz., audit of Union government, State government, Accounts and Entitlement, and capacity building.

- **Leadership Structure** - The Comptroller and Auditor General of India provides overall leadership and strategic direction to the Institution.
- **At Headquarters in New Delhi**, policy formulation, professional guidance, quality assurance, international relations, capacity development and administrative functions are coordinated through specialised wings. The regional offices of the CAG enable decentralised functioning.

Figure 5: Organisation Chart for SAI India as on 31 March 2026



- **Specialisation focused structure for audit** - The institution maintains an extensive network comprising wings/offices responsible for:
 - Union Audit
 - Civil Audit
 - Commercial Audit
 - Defence Audit
 - Railway Audit
 - Revenue Audit
 - Information Systems (IS) Audit
 - State Audit
 - State Governments Audit
 - Local Government Audit
 - State Commercial Audit
 - Information Systems (IS) Audit

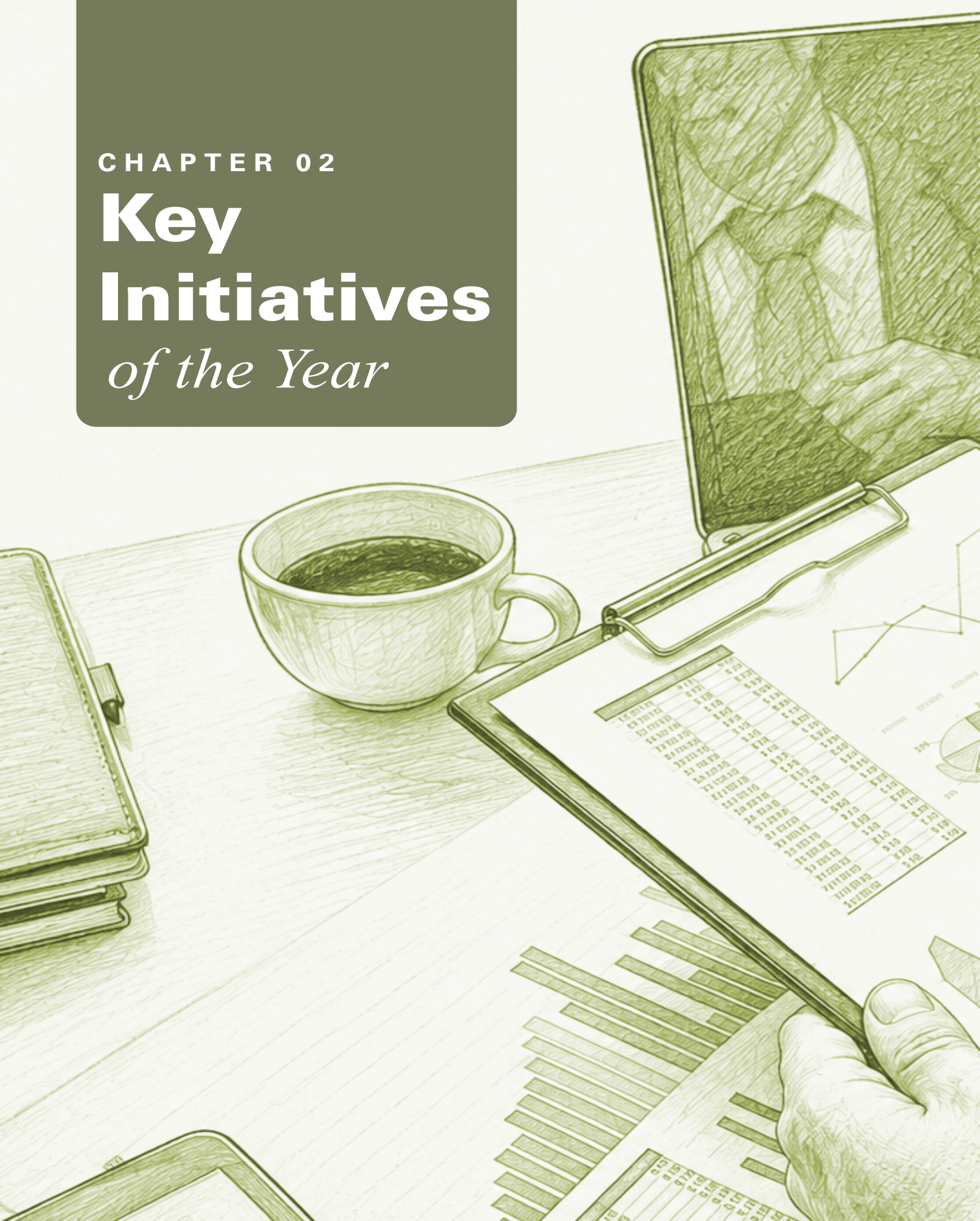
The audit structure is divided into Union and State Audit verticals, each responsible for their respective jurisdictions and sectors, while Information Systems (IS) Audit functions as a cross-cutting specialisation at both levels to provide assurance over IT systems and digital governance.

- **International presence** – CAG’s audit offices in London, Kuala Lumpur, Nairobi and Washington DC conduct audit of the overseas missions and other entities of the Government of India. SAI India also actively contributes to the international auditing community through participation in INTOSAI, ASOSAI and other professional forums. The institution shares knowledge, develops professional standards and collaborates on emerging audit themes of global significance. SAI India conducts audit of various UN entities. Its external audit offices in Rome and Geneva serve as branch offices for the audit of the United Nations’ Food and Agriculture Organisation and World Health Organisation, respectively.



CHAPTER 02

Key Initiatives *of the Year*





02

Key Initiatives *of the Year*

 **These initiatives reflect a shift towards data-driven, technology-enabled, and outcome-oriented approaches, while reinforcing core functions across audit, accounts & entitlements, and organisational development.**



During the year, SAI India undertook a series of strategic and operational initiatives to strengthen its mandate of public audit and accounts, enhance institutional effectiveness, and respond to emerging governance challenges. These initiatives reflect a shift towards data-driven, technology-enabled, and outcome-oriented approaches, while reinforcing core functions across audit, accounts & entitlement, and organisational development.

2.1 Initiatives under Audit

Audit-related initiatives, in 2025-26, marked a significant transition towards deeper, broader, and more impactful coverage. We leveraged data analytics, adopted integrated and thematic approaches, and focused on outcome-oriented assessments. SAI India expanded the scope and relevance of audit to address systemic risks, national priority sectors, and new & emerging areas of governance.

2.1.1. New Initiatives in Compliance Audits

Compliance audits form the cornerstone of IA&AD's accountability mandate – examining whether expenditure, receipts, and administrative actions conform to the applicable laws, rules, and executive instructions. During the year, significant

initiatives were undertaken to modernise the process of conducting compliance audits, moving beyond traditional on-site inspection to a more agile, data-driven model. This model was taken up on pilot basis during the year and the same will be scaled up across the Department from 2026-27 onwards.

A. Shift to data-led and hybrid audit methodology

Recognising that large-scale government schemes generate substantial digital data trails, IA&AD has progressively adopted a data-led audit approach wherein analysis of data dumps, portal records and transaction databases precedes as well as guides

field audits. This enables audit teams to identify anomalies, risk-cluster districts, and irregularity indicators before deploying field staff. These modalities are adopted depending on scheme characteristics and data availability:

Figure 6: Strategic transition to remote and hybrid audits

Mode		Description	
Field Audit			
		Traditional on-site examination of records, beneficiary verification, etc.	
			
Mode	Description		Best suited for
Remote Audit 	☑	End-to-end desk-based audit using data/system access; no field visits	☑ Schemes with robust portal /MIS data
			☑ Where data quality, completeness are sufficient – receipts audit, GST, Stamps & Registration
Hybrid Audit 	☑	Predominantly desk-based review of data and records received in office	Expenditure-side audits, large social sector schemes, public works – where manual records supplement digital data
	☑	Targeted field visits only for substantive audit evidence	

The choice of audit mode is determined by data maturity and system access. This transition is anchored in risk-based planning and secure access to government platforms, including IFMS, e-procurement portals, and sectoral databases such as WAMIS, with geospatial tools deployed to strengthen evidence and consistency across sectors. The strategic shift towards remote and

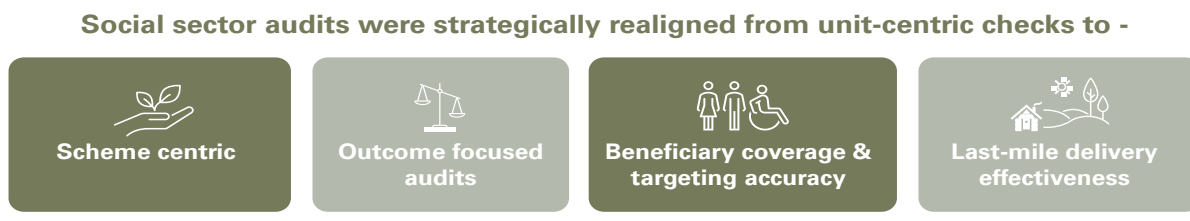
hybrid audit modes is already leading to valuable outcomes in the form of increased audit coverage, reduced field time at auditee premises, and improved quality of audit outputs.

For instance, social sector schemes account for a substantial proportion of public expenditure and are closely linked to welfare

outcomes. In this context, and in line with the growing emphasis on Direct Benefit Transfer (DBT) and technology-enabled service delivery, CAG field offices have

reoriented their audit approach in the social sector with the integration of data-led hybrid audits focused on four key aspects:

Figure 7: Domains of hybrid audit



Compliance Audit planning has also been reframed to focus on identifying systemic risks, inclusion and exclusion errors and leakage patterns across schemes such as scholarships, pensions and other DBT-based welfare programmes undertaken by the Governments. Initial work has been undertaken in a few States in the year 2025-26, supported by multi-tiered strategy. The upcoming Audit plan for 2026-27 will focus on scaling of hybrid audits across the country.

The data-driven compliance audit approach followed for social sector schemes is enabling a shift from sample-based examination to State-wide assurance over entire schemes. Analytics-based audits can identify large-scale anomalies, enabling district- and institution-wise concentrations of irregularities. This generates scheme-wide risk insights to support targeted administrative and policy interventions.

B. Use of data analytics in audits

The growing digitisation of government processes and the increasing availability of large transaction datasets have created significant opportunities for transforming compliance audit methodologies. During 2025-26, several field offices leveraged data analytics to move beyond traditional sample-based auditing towards comprehensive, risk-based and evidence-driven audit methodologies. These initiatives

enabled broader audit coverage, sharper identification of anomalies and systemic risks, more efficient deployment of audit resources, and stronger audit assurance.

The following success stories illustrate how data and digital tools were leveraged in the areas of establishment expenditure and public works to enhance audit effectiveness, timeliness and impact.

Case Study

Data-led Establishment Audit by office of the PAG (A&E) Rajasthan

- ✓ **Background:** Establishment expenditure, comprising salaries, salary grants and pensions, constitutes a major share of government revenue expenditure and is, therefore, a critical area for audit oversight. The Office of the PAG (A&E), Rajasthan adopted a data-led audit approach to examine establishment expenditure through large-scale analysis of digitally available treasury vouchers and pension records.

Details of initiative:

- The office leveraged a web-based AG interface through which fully digitised treasury accounts and vouchers were received in PDF form.
 - Using automated extraction tools, these vouchers were converted into structured datasets, cleaned and standardised, and then subjected to rule-based validations based on applicable pay, allowance and pension rules.
 - The structured datasets were subjected to population-level analytics to identify irregular transactions, anomalous patterns, and potential control failures across the entire expenditure population.
 - The audit was conducted remotely, relying entirely on digital records and electronic vouchers, and other digital evidence without physical inspection of offices.
- ✓ **Significance:** The initiative demonstrated the effectiveness of population-level data analytics in strengthening audit assurance over establishment expenditure. By analysing the entire transaction universe, it identified anomalies, control deficiencies and potential irregularities beyond conventional sample-based audits. Leveraging digitised treasury vouchers and pension records through the AG interface, it also enabled near real-time, agile and remote audits, establishing a scalable and replicable model for data-driven auditing across high-volume expenditure areas and other audit domains.
- ✓ **Acknowledgement:** This initiative was carried out under the direction of Shri Pravindra Yadav, Principal Accountant General (Accounts & Entitlement), Rajasthan, who set the direction for the data-led approach and its application to establishment audit. The work of developing and documenting the methodology was carried out by Shri Vinod Sencha, AAO, RCBKI; Shri Puneet Sharma, AAO, RCBKI, Jaipur; Shri Aseem Mishra, Assistant Supervisor, Office of the PAG (Audit), Uttarakhand; Shri Mahesh Kumawat, AAO, Office of the PAG (A&E), Rajasthan, Jaipur; and Shri Sanjay Gautam, AAO, RCBKI, Jaipur.

Case Study

Data-Led Audit of Public Works by office of the PAG (Audit), Haryana

- ✓ **Background:** Public works constitute a significant component of government expenditure and involve complex, dispersed execution processes. Traditional audit approaches in this area have generally relied on manual scrutiny of vouchers, sample checks and field visits, which often limit coverage and the detection of systemic risks. To address these limitations, the Office of the PAG (Audit), Haryana developed a data-led remote-hybrid audit model for public works.

Details of initiative:

- Under this model, unstructured records such as monthly accounts, vouchers and schedules were converted into machine-readable datasets using AI-enabled Optical Character Recognition (OCR) and limited manual data entry.
 - These datasets were integrated with treasury records, engineering tender portal information and contractor payment data to create a unified audit data environment.
 - Structured datasets were then analysed using the AuditWise AI tool for trend analysis, anomaly detection, contractor network mapping, and rule-based and machine-learning-driven risk identification.
 - A continuous feedback mechanism used field findings to refine risk parameters and analytical rules over time.
- ✓ **Significance:** This model demonstrated that data-led audit is possible through use of AI-enabled OCR and limited manual data entry even when audited entity work is not automated. The data-led model resulted in higher audit coverage with existing resources. By combining analytics with targeted field verification, it demonstrated a scalable framework for sectors characterised by large volumes of structured and semi-structured data.
- ✓ **Acknowledgement:** This model was developed by the Office of the PAG (Audit), Haryana, under the leadership of Shri Ashutosh Sharma, PAG (Audit), Haryana, who conceptualised the Base and Advanced Models for data analytics. The work was supported by Shri Aditya Pant, Senior DAG; Shri Ashok Singla, SAO; Shri Tushar Bhadecha, AAO; Shri Manish Deo, AAO; and Shri Naveen Kumar, Auditor. The AuditWise AI tool used for the analytics was developed by the Office of the AG (Audit), Uttarakhand, under the guidance of Shri Sanjeev Kumar, AG (Audit), Uttarakhand supported by Shri Pavan Kumar Reddy R, Senior DAG, and Shri Abhinav Kumar, AAO. The Irrigation Intelligent Data Management System (IIDMS) was developed under the guidance of Shri Raj Kumar, PAG (Audit-I), Uttar Pradesh, Prayagraj supported by Shri Amritesh Shukla, DAG along with Shri Deepak Srivastava, SAO, and Shri Latief ur Rahman Khan, Data Entry Operator.

Case Study

Data-Driven Social Sector Audits by office of the PAG (Audit-I), Uttar Pradesh

- ✓ **Background:** Social sector schemes, delivered through Direct Benefit Transfer (DBT), constitute a significant share of public expenditure. To address the challenge of traditional sample-based audit approaches, the Office of the PAG (Audit-I), Uttar Pradesh adopted a data-driven audit approach to assess beneficiary coverage, targeting accuracy and last-mile delivery of welfare schemes at scale.

Details of initiative:

- Social sector audits were reoriented from transaction-based compliance checks to scheme-centric, outcome-focused audits, with emphasis on identifying systemic risks, inclusion/exclusion errors and leakage patterns.
 - A Lead Data Audit Party and Data Analytics Cell were set up to handle data access and large-scale analytics, build SQL and AI/ML skills, and run data sensitisation programmes with departments to improve access to scheme databases.
 - Audit execution was redesigned through district-based, scheme-focused audits, guided by analytics-generated risk toolkits and supported by compressed audit cycles of 45-50 days aligned with scheme operations to provide near real-time feedback.
 - Data-driven audits analysed almost 100% of scheme transactions by integrating data from multiple sources, including beneficiary databases, income and caste certificates, Aadhaar-linked records and other government datasets, enabling cross-scheme validation and identification of irregularities, including duplicate and potentially ineligible beneficiaries.
- ✓ **Significance:** The initiative enabled a transition from sample-based audit to State-wide assurance covering entire schemes and beneficiary populations. By providing scheme-wide risk insights, reducing audit timelines to about 45-50 days and enabling timely corrective action, the initiative demonstrated the potential of data-driven auditing to strengthen accountability, improve targeting of welfare benefits and enhance the overall effectiveness of public service delivery.
- ✓ **Acknowledgement:** This initiative was carried out under the direction of Shri Raj Kumar, PAG (Audit-I), Uttar Pradesh, who set the direction for the data-driven approach to social sector audit. The work of reorienting the audits to a scheme-centric model, establishing the Lead Data Audit Party and Data Analytics Cell, and conducting the large-scale analytics was carried out by the officers of the office: Shri R. D. Singh, Shri Umesh Srivastava, Shri R. K. Tiwari, Shri M. K. Gupta, Shri Anil Tripathi and Shri Ashok Srivastava, all Senior Audit Officers.

The analytics, digital data integration and focused field verification demonstrate a strategic advancement in audit methodology. The model addresses key limitations of traditional audit approaches, enables population-level and outcome-focused assurance and is scalable across sectors and adaptable to other domains where structured and semi-structured data are available.

The adoption of data-driven, remote and hybrid audit approaches was supported through a series of capacity-building workshops:

- A two-day national workshop on data-led inspection and audit initiatives was

organised at CAG Headquarters, New Delhi, on 22-23 December 2025 for Group Officers and selected Sr. AOs/AAOs from Audit and A&E offices.

- More than 140 officers participated in person, while the proceedings were telecast to field offices across the country. The workshop focused on operationalising data-driven, remote and hybrid audit approaches in the Annual Audit Plan 2026-27, with practical applications in areas such as establishment audit, social sector schemes and public works.

Figure 8: CAG of India, Deputy CAG (HR, IR, Coord. & Legal) and other speakers during the Workshop on Data Led Audit at New Delhi



- Building on this initiative, five regional workshops were conducted at Bhopal, Kolkata, Prayagraj, Chennai and Mumbai between January and March

2026 to support implementation and adoption of data-led audit methodologies.

Figure 9: Deputy CAG (Eastern Region) and other speakers during the Regional Workshops on Data Led Audit



- The exercise also helped institutionalise a common framework for data-led audits, comprising collection and cleaning of datasets, identification of red flags based on past audit domain experience, verification of these red flags, and identification of gaps in system

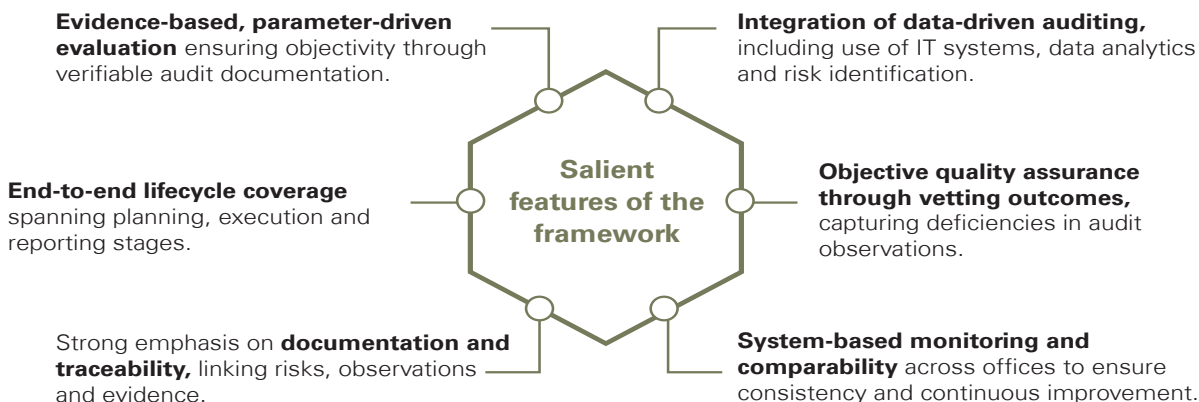
validation checks that resulted in violations of financial rules with a requirement that field audit should commence only after assurance of the underlying data analysis.

C. Framework for Quantitative Grading of Inspection Reports (IRs)

In August 2025, the need for improving the quality of IRs and introducing measurable IR quality-assessment parameters was recognised. Post iterative consultations with field offices, a standardised framework was

developed for quantitative grading of IRs that will be in effect from April 2026. Some of the salient features of this framework are given below:

Figure 10: Features of the grading framework



The new IR gradation structure comprises of:

Figure 11: Structure for quantitative grading of IRs



D. Local Governance Audits

Urban governance has become a critical audit focus, given the expanding role of ULBs in service delivery and financial management. During 2025-26, this focus was operationalised through initiatives in the urban sector, most notably the Audit of 101 Cities—large-scale, citizen-centric performance audit—to assess ease of living, service delivery outcomes and institutional effectiveness across major urban centres. Further information on this initiative is also covered under section 2.1.5 B.

Further, at State-level, Office of the PAG(Audit), Punjab organised a Symposium in November 2025 on “Role of Audit in Strengthening Local Governance” which provided a platform for dialogue on the role of audit in promoting accountability and strengthening local governance. The Hon’ble Speaker of the Punjab Vidhan Sabha attended as the Chief Guest, while the Chairman of the Committee on PRIs was the Guest of Honour.

In parallel, SAI India has also introduced a structured assessment framework to evaluate the maturity of financial reporting and audit practices in ULBs, to enable a systematic appraisal of accounting quality, disclosure standards and audit assurance levels across cities, beyond compliance checks.

2.1.2 Financial Audits

Financial Audit is a core function of SAI India, aimed at providing independent assurance on whether the financial

statements of government entities, PSUs and Autonomous Bodies are prepared in accordance with applicable accounting standards and present a true and fair view. These audits entail examining financial records, internal controls and compliance with laws and regulations, thereby promoting transparency, accountability and reliability in financial reporting. In response to increasing scale and complexity of financial operations, SAI India has undertaken several initiatives to strengthen audit effectiveness and modernise audit approaches.

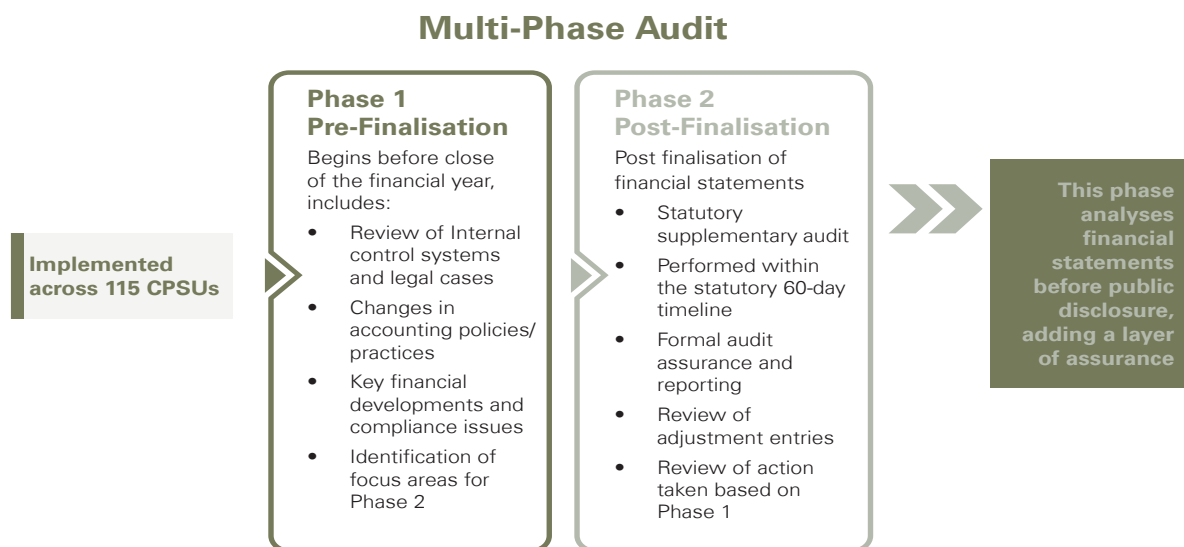
A. Introduction of Multi-Phase Audits for PSUs

The supplementary audit of Public Sector Undertakings (PSUs) under the Companies Act was traditionally conducted post finalisation of financial statements within a statutory timeline of 60 days, limiting the scope for early audit intervention. With an increasing number of PSUs entering stock exchanges, there was a need for timely, high-quality financial disclosure to investors,

placing emphasis on the reliability of financial statements.

In response, SAI India introduced a Multi-Phase Audit approach from 2025–26 for all listed and/or Ratna PSUs, shifting from a post-facto audit model to a phased audit process, including some key activities listed below:

Figure 12: Audit architecture of multi-phase audits



*CPSU: Central Public Sector Undertaking

The initiatives enhanced the quality, reliability and timeliness of financial reporting through early-stage audit

intervention and a robust, technology-enabled audit framework, strengthening financial oversight and decision-making.

B. Leveraging digital platforms for strengthening PSU audit

The CPSU ecosystem, comprising entities of diverse scales and diverse geographical operations, created inherent challenges for audit oversight. To address this, SAI India, in 2025, initiated a shift towards adoption

of Enterprise Resource Planning (ERP) and integrated digital systems across CPSUs and leveraging these systems to enable data-driven, technology-led audits.

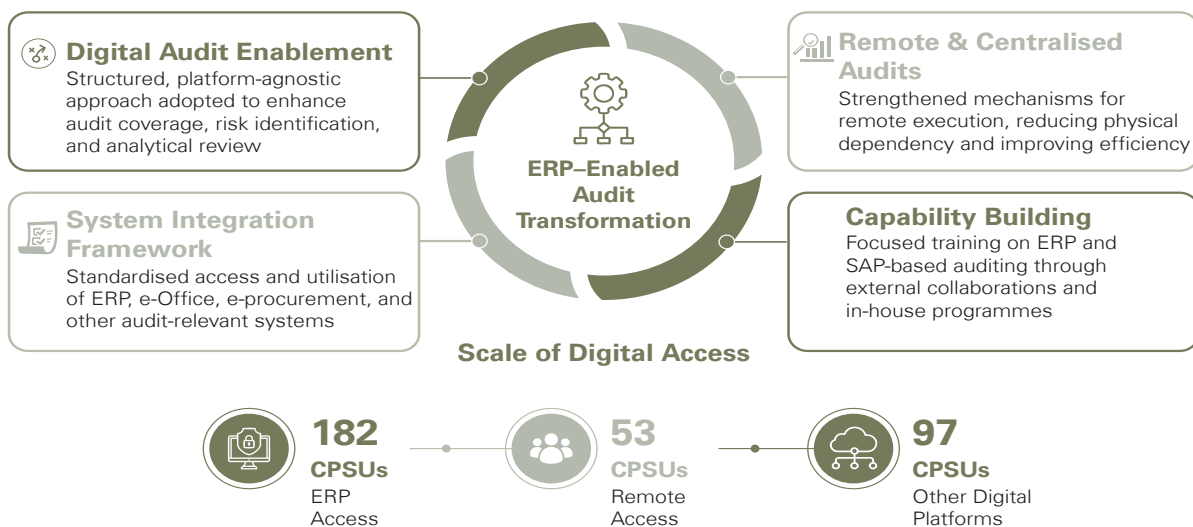
Figure 13: Deputy CAG (Commercial) delivering keynote address during the conclave on Breaking Silos



This shift was supported by the following key initiatives:

- Expanded digital access across CPSUs, including ERP systems, remote connectivity and other digital platforms, enabling wider use of enterprise data in audit.
- Institutionalised ERP-enabled and remote audit practices, supported by standardised approaches for access and utilisation of ERP, e-Office, e-procurement and other audit-relevant systems.
- Leveraged data analytics and digital tools to strengthen audit planning, risk identification, analytical review and assessment of system controls and data integrity.
- Enhanced digital audit capabilities through specialised training and learning programmes on ERP/SAP environments, IT controls and technology-enabled auditing.

Figure 14: Operational pillars and scale of digital access driving tech audit



*ERP: Enterprise Resource Planning; SAP: Systems Applications and Products

Clear outcomes were seen post the shift, including strengthened identification of risk indicators, and an enhanced ability to conduct population-level testing. Enhanced audit effectiveness was also observed

through data-driven, standardised audit methodologies, comprehensive testing, improved assurance, and more efficient utilisation of audit resources.

C. Maturity of Urban Local Bodies: A framework-driven initiative for financial oversight

Urban Local Bodies (ULBs) play a critical role in Public Financial Management, and are expected to maintain accounts in accordance with the National Municipal Accounts Manual (NMAM) or State Municipal Accounting Manuals (SMAMs), which prescribe an accrual-based accounting framework to do so. The NMAM was brought out by the Ministry of Urban Development, Government of India, in December 2004 in association with the CAG of India, based on the recommendations of a CAG Task Force (constituted in February 2002) that recommended an accrual-based accounting system for municipalities. Sound accounting assumes particular significance as ULBs are increasingly called upon to raise and manage their resources and finances; proper and reliable accounts are therefore a basic prerequisite for mobilising and deploying these funds effectively and, in turn, for advancing the urban development

agenda. However, implementation of this framework has remained uneven across the States. There are variations in practices, capacity constraints and lack of standardisation across States which affects transparency, comparability and effectiveness of financial oversight. In this context, SAI India initiated a framework-driven approach to assess the maturity of financial reporting amongst ULBs. In line with this strategy, the core activities taken up were:

- A structured framework titled "Analysis and Review of Audited Financial Statements and the Assessment of the Quality of Certification of Urban Local Bodies" was developed, moving beyond compliance-based review towards analytical assessment.

- The framework evaluated key aspects including completeness, structure and internal consistency of financial statements, adherence to prescribed formats, and adequacy of accounting policies and disclosures.
- It also assessed the quality of audit certification, focusing on institutional capacity, availability of guidance frameworks and effectiveness of audit processes.
- The initiative was undertaken pursuant to the discussions in the Local Governance Audit Workshop (September 2025), with implementation across States and categories of ULBs. The initiative recognises that robust financial reporting is fundamental for ULBs to strengthen resource mobilisation, access grants and financing, improve fiscal management and support informed decision-making for urban development and service delivery.
- The assessment also complements the ongoing revision of the National Municipal Accounts Manual (NMAM 2.0). Through an Office Memorandum dated 14 January 2026, the Ministry of Housing and Urban Affairs constituted a Steering Committee to lead this revision, with the aim of updating municipal accounting

policies, procedures and reporting and strengthening financial governance in urban local bodies. The Committee is chaired by the Additional Deputy CAG (GA & GASAB), and the revision work is serviced by the GASAB secretariat in the office of the CAG. The intended outcomes from this initiative are:

- A revised manual (NMAM 2.0) completed within the set timeline and resources, aligned with national priorities and prevailing accounting standards.
- Engagement of external accounting, IT and technical domain experts to meet the requirements of the revision.
- A plan for nation-wide implementation of NMAM 2.0, covering timelines, training methodologies, communication and IT integration.
- A framework for monitoring and evaluation of the implementation, with course corrections where needed.
- Adoption and recommendation of the final NMAM 2.0 manual, along with its formats and guidelines, to the relevant government authorities for notification.

Figure 15: Strategic impacts of the ULB maturity assessment framework



2.1.3 Performance Audits

Performance Audits by the CAG of India provide an independent and objective assessment of whether government entities, schemes and programmes are working with due regard to economy, efficiency and effectiveness, and whether there is scope for improvement. They also examine whether the decisions taken by the legislature are being carried out as intended, and so strengthen accountability and transparency. By identifying gaps in implementation and directing attention to the areas where improvement is most needed, performance audits support public accountability. They shift the focus from process to outcomes and to the concerns of the stakeholders a scheme is meant to serve.

During the year, SAI India took the initiative of enhancing the frameworks of performance audits through structured collaborations.

CAG signed a Memorandum of Understanding (MoU) with the Indian Institute of Management Kozhikode (IIM-K), integrating academic expertise into audit processes and institutional development. Among other things, this partnership focuses on aspects pertaining to improvement of PA methodologies including activities like:

- Assessment of existing audit practices
- Refining audit methodologies, reporting processes, stakeholder engagement approaches

- Creating specific frameworks, templates and quality assurance mechanisms
- Developing follow-up mechanisms for monitoring implementation of audit recommendations at Union and State levels

Following its review, IIM Kozhikode submitted recommendations spanning various stages of performance auditing and human resource management. These recommendations are currently being considered as part of the ongoing revision of the Performance Auditing Guidelines.

2.1.4 Breaking Silos: An Integrated and Holistic Audit Approach

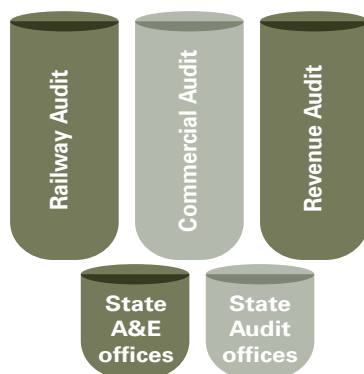
As the schemes and reforms being audited increasingly cut across Ministries, States and sectors, an office-by-office approach no longer captures the full picture — which is what the breaking-silos initiative sets out to address.

Governance now works through connected systems. A single reform, a public service or a supply chain runs through several Ministries, State Governments, regulators and public enterprises. An audit that examines only one office or one department sees a part of the picture and misses how the parts work together. During 2025-26, SAI India began to move the audit of such cross-cutting themes away from a department-centric method towards an integrated approach that follows the subject across organisational and sectoral boundaries. This section records that shift and the initiatives through which it was taken forward.

Figure 16: From working in silos to an integrated, holistic approach

Conventional Approach

Each office audits in isolation



Breaking

the Silos

Integrated & Holistic Approach

One value chain, examined together

**A. The case for breaking silos**

Audit planning for a performance/subject specific compliance audit has conventionally been done within one office, drawing on policy documents, legal frameworks and departmental records. This establishes the regulatory context but does not always capture the implementation problems that businesses, stakeholders and field agencies experience. Where a theme spans many jurisdictions, independent planning by different offices leads to differences in audit focus, inconsistent framing of audit objectives and duplication of effort.

Themes such as Ease of Doing Business, multimodal logistics and railway freight cannot be examined within a single jurisdiction, because the subject itself does not sit within one. The response was an integrated and participatory framework that combines the knowledge held within the IA&AD with the experience of external stakeholders, so that audit guidelines reflect both policy intent and ground reality.

The aim is to examine the end-to-end value chain as one, rather than auditing individual organisations in isolation.

B. The institutional foundation

The direction was set at the two-day Conclave 'Breaking Silos – Fostering Synergies: CAG's Strategic Leadership', held in April 2025. It was attended by the Senior Management and Heads of Departments of the IA&AD, along with invited experts, and covered enhancing audit quality,

risk assessment, strategic stakeholder engagement, capacity building and the use of digital platforms and public financial data. The value of engaging stakeholders at each stage of the audit process was reiterated, and decisions taken at the conclave carried into the year's work.

Figure 17: CAG of India addressing the Conclave 'Breaking Silos – Fostering Synergies', April 2025



The intent translated into three working arrangements that recur across the initiatives – the Integrated Audit Group,

the Lead Office and Mentor model, and structured collaboration on data and stakeholders.

Figure 18: The building blocks of the integrated audit approach



Foundation: Conclave "Breaking Silos - Fostering Synergies" (April 2025)

C. Integrated Audit Groups

An Integrated Audit Group (IAG) brings officers from different audit wings and offices onto one team for a single theme. It provides a common platform for teams from the Railway Audit Wing, the Commercial Audit Wing, the Central Revenue Audit Wing and State Audit Offices to examine an entire

value chain together, rather than each office looking at its own segment. The CAG's position across the Union and the States allows such a group to reach across sectors and jurisdictions that would otherwise be audited separately.

D. Lead Office and Mentor model

For large, cross-cutting themes, IA&AD adopted a Pan-India Horizontal Audit approach. For each theme, a Lead Office and a Mentor are nominated to coordinate planning, knowledge sharing and execution across verticals and functional wings. The Lead Office prepares common Audit

Guidelines and an Audit Design Matrix for adoption across field offices, which keeps audit objectives, criteria and methodology consistent while still allowing for regional variations.

Multimodal Transport and Logistics- a case study

The Theme-Based Audit on Multimodal Transport and Logistics (MMTAL) Initiatives in Indian Railways marked a shift from a department-centric approach to an integrated, cross-sectoral audit. Multimodal logistics spans Railways, roads, ports, logistics parks, inland container depots, digital platforms and several Ministries. Because such an interconnected ecosystem could not be examined within organisational silos, the Railway Audit Wing, the Commercial Audit Wing and the Central Revenue Audit Wing were brought together for the first time under a breaking-the-silos approach.

At the centre of this approach was an Integrated Audit Group that brought together DG and PD-level officers from the Railway, Infrastructure and Shipping audit offices. The group examined the interfaces between rail, road and port infrastructure, including

first- and last-mile connectivity, rather than assessing railway freight operations in isolation. Engagement with the Ministry of Road Transport and Highways (MoRTH) and the Ministry of Ports, Shipping and Waterways (MoPSW) was facilitated through the respective audit offices, and selected road, port and Multi-Modal Logistics Park projects were considered from the perspective of their integration with the railway network.

The audit architecture extended from the Railway Board to field units and key entities such as CONCOR and DFCCIL, linking policy-level issues with operational implementation. IIM Mumbai was engaged as a Knowledge Partner to strengthen the analytical framework. Field audits were completed in 2025-26, with the findings proposed to be consolidated into a report for presentation to Parliament in 2026-27.



Figure 19: The multimodal logistics chain examined as an integrated whole

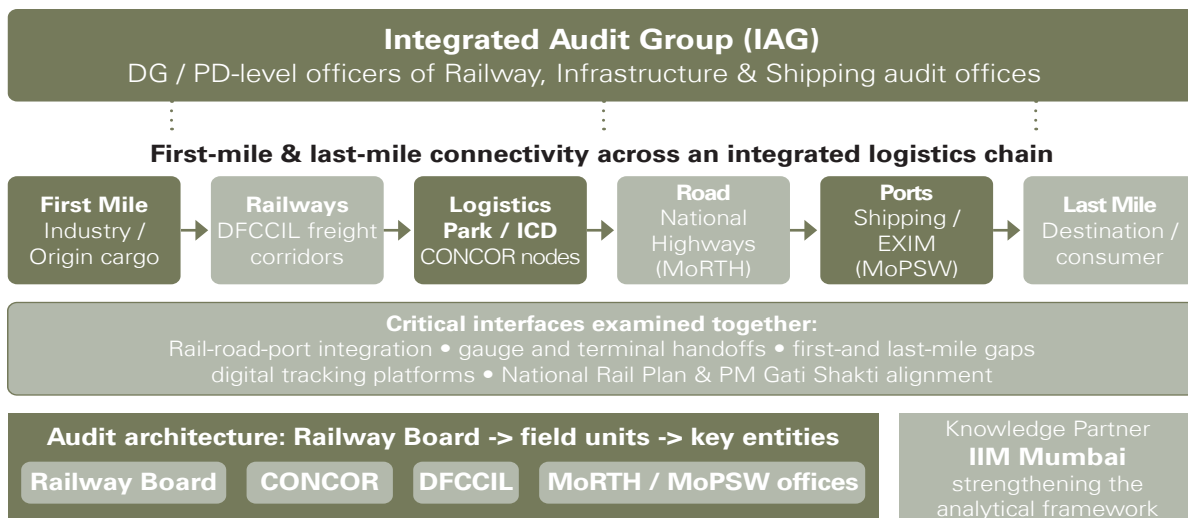


Figure 20: Stakeholder consultation on the audit of Multi-Modal Transport and Logistics

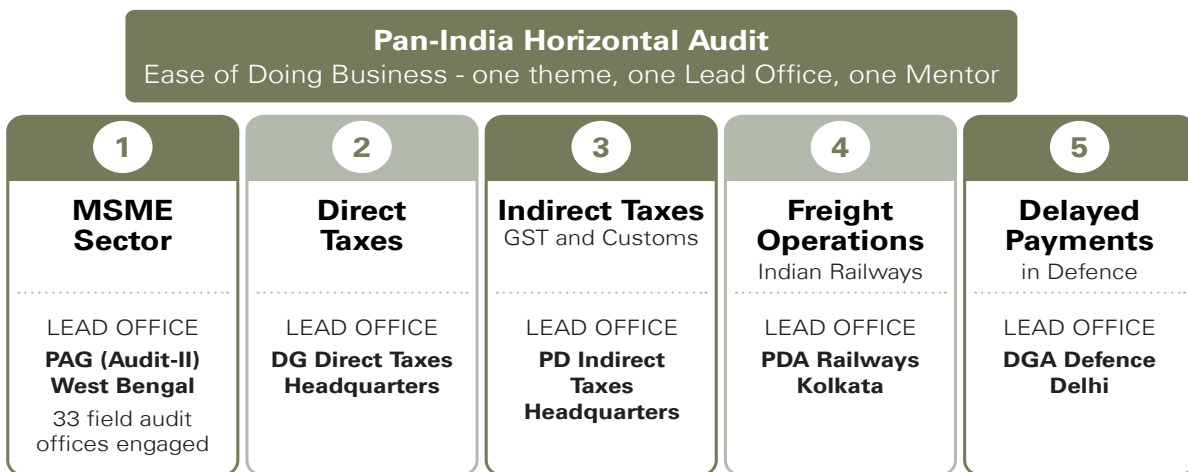


E. Ease of Doing Business – a cross-cutting theme

Audits of cross-sectoral governance reforms such as Ease of Doing Business (EoDB) extend beyond the jurisdiction of a single audit office or discipline. EoDB covers reforms by several Central Ministries and State Governments across industrial development, taxation, investment facilitation, labour regulation, digital

governance, logistics and market access. Auditing it is not an examination of business procedures alone; it is an assessment of whether reforms translate into real improvements for businesses, investors and citizens, in line with the vision of Viksit Bharat@2047.

Figure 21: Five Ease of Doing Business themes under the Pan-India Horizontal Audit



As part of the audit cycle 2025-26, the IA&AD adopted a Pan-India Horizontal Audit approach for EoDB, with a Lead Office and a Mentor designated for each theme:

- **Ease of Doing Business in the MSME sector**

The Office of the Principal Accountant General (Audit-II), West Bengal was nominated as the Lead Office for the audit of EoDB in the MSME sector, with the Additional Deputy CAG (Railways) as Mentor. The Lead Office adopted an integrated audit approach supported by a structured collaborative framework involving 33 field audit offices before the Audit Guidelines and Audit Design Matrix were finalised. This turned audit planning from an office-centric exercise into a collaborative process. Its main features were:

- **Institutional collaboration:** a common planning framework was prepared across all Principal Accountants General and Accountants General offices, with functional expertise from wings auditing Direct Taxes, Indirect Taxes, the Ministry of MSME, DPIIT and other Central entities.

- **National knowledge integration:** subject-matter expertise across offices was pooled to identify State-specific reforms, emerging risks and implementation challenges, and to frame nationally applicable audit criteria.
- **Stakeholder consultation:** consultations were held with the Ministry of MSME, DPIIT and MoSPI, State departments, District Industries Centres and entrepreneurs, and with industry associations including FICCI, CII, ASSOCHAM, PHDCCI, FISME, FOSMI and FASII. Additional inputs were gathered directly from entrepreneurs through online questionnaires.
- **Ground-truthing of risks:** stakeholder inputs on procedural bottlenecks, compliance issues, digital-platform issues and infrastructure gaps were used to validate audit hypotheses and sharpen the Audit Guidelines and Design Matrix.

An Audit Conclave was held at Bharat Mandapam, New Delhi in January 2026 to bring these perspectives together. Pilot

studies were commenced across States, and the audit is to be completed for all States in 2026-27.

Figure 22: CAG of India, Secretary, MoSPI and Secretary, MSME at EoDB Audit Conclave, New Delhi – January 2026



- Ease of Doing Business in Railway Freight Operations**

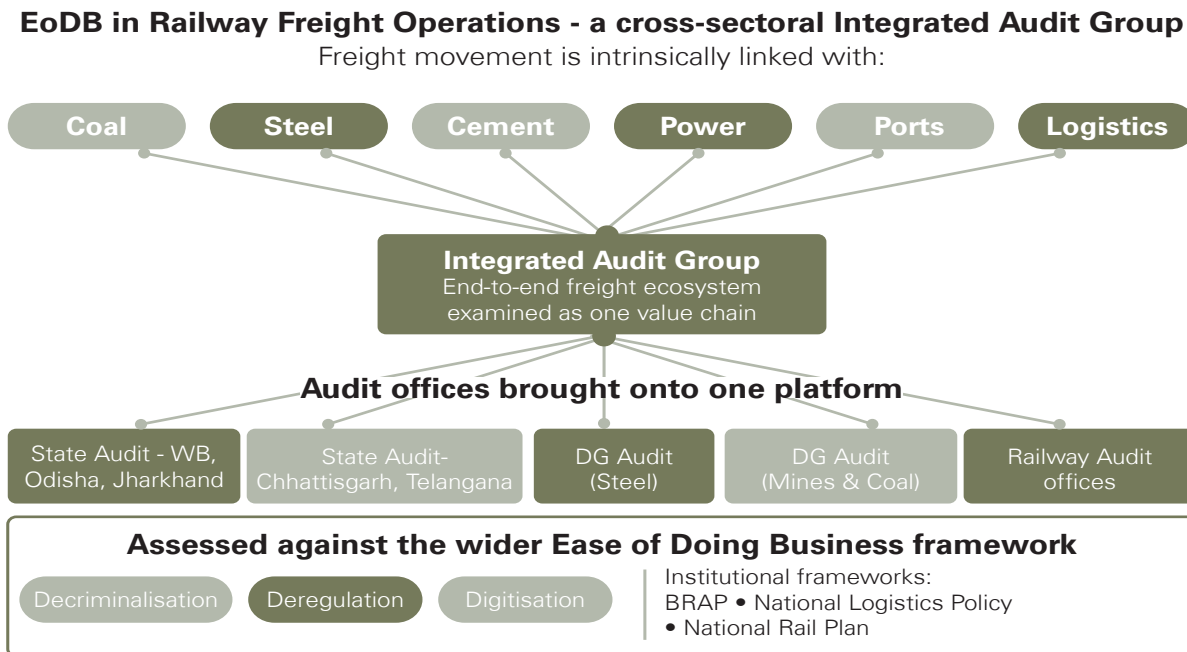
The Theme-Based Audit on EoDB in Railway Freight Operations examined freight from the perspective of customers and other stakeholders. Freight movement is linked with coal, steel, cement, power, ports and logistics, so the audit moved beyond a Railway-centric examination to the end-to-end freight ecosystem, including inter-sectoral dependencies, procedural constraints and coordination among agencies.

An Integrated Audit Group was constituted for this purpose, comprising the State Audit Offices of West Bengal, Odisha, Jharkhand, Chhattisgarh and Telangana, together with the offices of the Director General of Audit (Steel), the Director General of Audit (Mines & Coal) and the Railway Audit offices. Bringing these offices onto one platform allowed the

freight value chain to be examined as a whole. Railway initiatives were assessed against the wider EoDB framework – the principles of Decriminalisation, Deregulation and Digitisation – and against institutional frameworks such as the Business Reforms Action Plan (BRAP), the National Logistics Policy and the National Rail Plan.



Figure 23: Ease of Doing Business in Railway Freight Operations – a cross-sectoral Integrated Audit Group



F. Breaking Silos: collaboration between Audit and A&E offices

Breaking silos applies within the Department as much as across sectors. As the IA&AD moves towards data-led and technology-enabled auditing, the relationship between Audit offices and Accounts & Entitlement (A&E) offices has become central. The direction was reaffirmed at the Workshop on Data-Led Audits, which set data analytics as a core audit method and identified access to datasets such as IFMIS, VLC, WAMIS, e-HRMS and treasury systems as the key requirement.

A&E offices act as data facilitators during the transition. They share VLC access and DDO-level data, furnish IFMIS and e-HRMS extracts, carry out targeted and outlier-driven scanning where required, and train audit officials. Audit offices specify their data needs at the start of the cycle, analyse the datasets to flag high-risk transactions, and progressively build the capacity to access the systems directly.

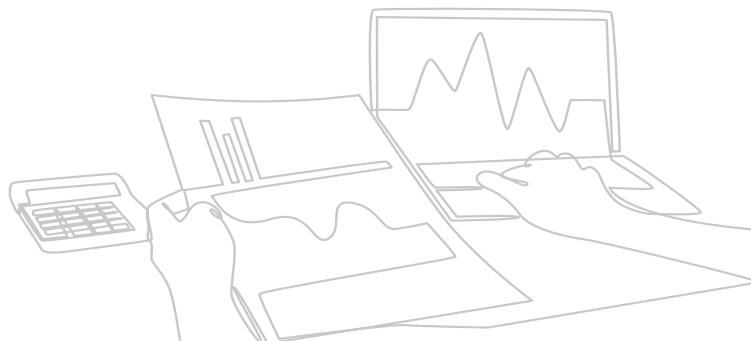
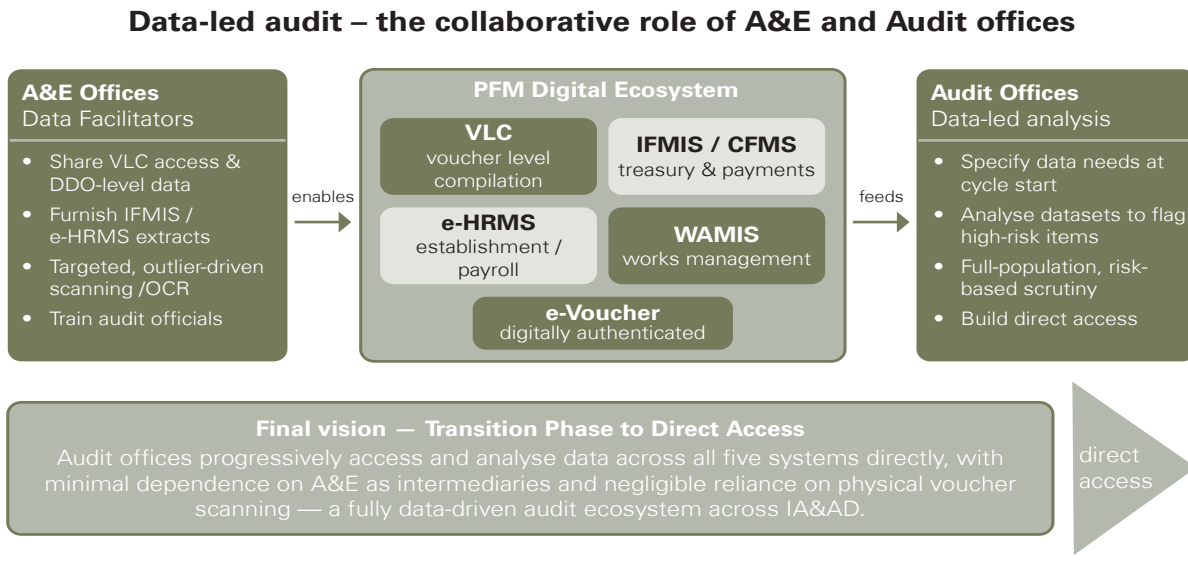


Figure 24: The collaborative role of A&E and Audit offices across the PFM digital ecosystem



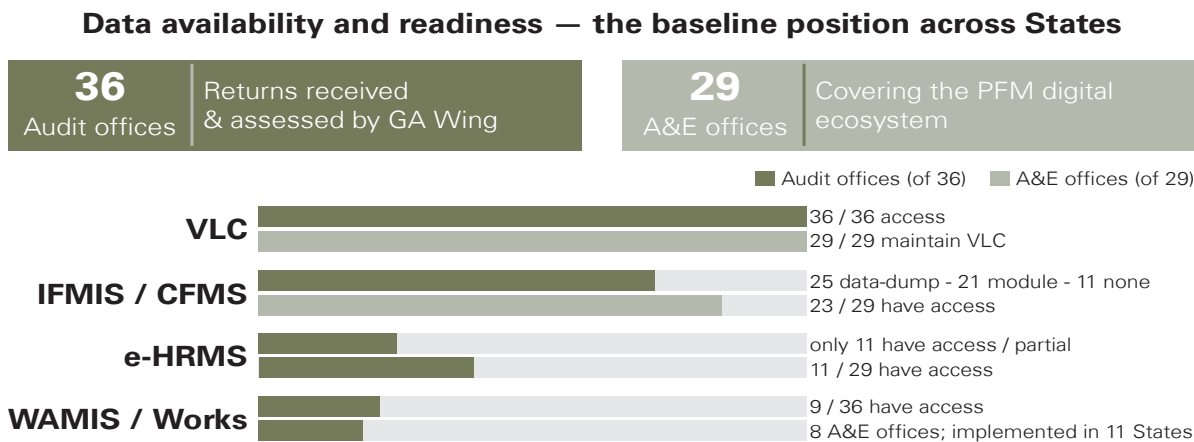
• The baseline position

The Government Accounts Wing in the CAG's office carried out a baseline assessment based on returns from 36 Audit offices and 29 A&E offices. It found that States have digitised their financial systems to a large extent, but the access to data, integration between systems and readiness for

analysis vary from State to State. Voucher Level Computerisation (VLC) is in place in all the A&E offices, while access to IFMIS, e-HRMS and works systems is uneven. These differences decide how much support each A&E office needs to provide.



Figure 25: Data availability and readiness – access across the PFM systems



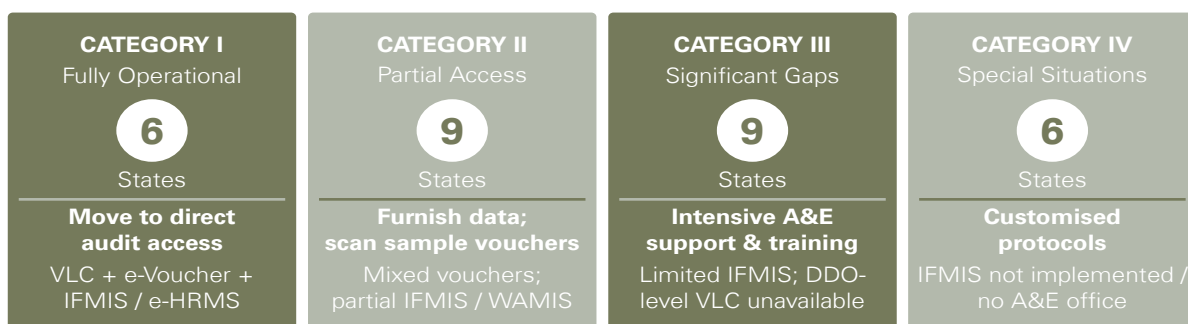
• A tiered roadmap

Because readiness varies, the audit method is matched to each State's digital maturity. A&E–Audit office pairs were grouped into four categories, from fully operational States that can move towards direct audit access, to special situations where IFMIS is not implemented or no A&E office

exists and customised protocols are required. States were separately categorised by e-Voucher maturity, which determines how far physical voucher scanning can be replaced by digitally authenticated voucher data. A responsibility matrix assigns clear roles to A&E offices, Audit offices and State Finance Departments/NIC, supported by training and half-yearly monitoring.

Figure 26: Matching audit method to each State's digital maturity

A tiered roadmap - matching audit method to each State's digital maturity



e-Voucher maturity - the transition already under way



G. Outcomes of the approach under breaking silos

Taken together, these initiatives demonstrate how breaking organisational silos strengthens the quality, consistency and relevance of public audit. By integrating expertise across field offices, functional wings and external stakeholders, the Department moved from a fragmented

planning model towards nationally coherent audit frameworks grounded in implementation realities. The collaborative process improved the Audit Guidelines and Design Matrices and promoted institutional learning and shared ownership of audit outcomes.

Figure 27: What the integrated approach delivers

What breaking the silos delivers



The IA&AD's Strategic Plan 2026-2030 carries this forward, identifying sectors marked by regulatory complexity for future EoDB audits, including access to finance for MSMEs, environmental clearances, telecommunications, health and pharmaceuticals, food processing and agri-business, and labour regulation. As governance reforms become more digital, interconnected and citizen-centric,

the integrated audit approach provides a scalable model for future audits of complex national themes that require multidisciplinary analysis and coordinated execution. It reaffirms the Department's role as an institution that combines documentary scrutiny with stakeholder experience and cross-functional collaboration to assess whether reforms are delivering their intended benefits.

2.1.5 Cross-cutting initiatives

A. Streamlining of Subject Specific Compliance Audits through standardised Audit Design Matrices (ADMs)

Audit Design matrix is a rigorous, structured and highly focused approach to designing an audit by providing a structured framework for defining audit objectives, questions and criteria. It also highlights the data collection and analysis method as well as the type and sources of evidence required to support

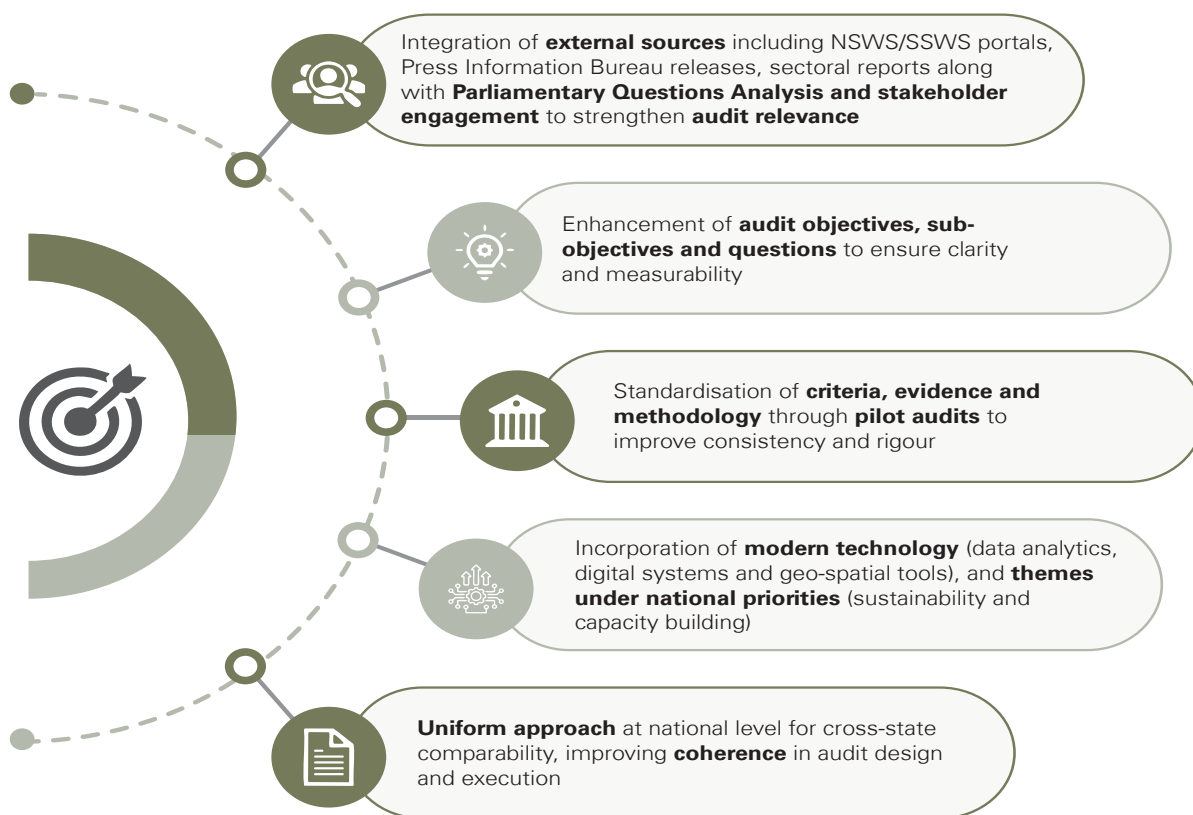
audit findings with reference to the defined audit objectives.

Recognising the need to make ADMs more relevant, standardised and effective, SAI India, in 2025-26, undertook an initiative for developing harmonised Guidelines & Audit

Design Matrices (ADMs) for the Subject Specific Compliance Audits (SSCAs) to be taken up Pan-India or across multiple States. These standardised Guidelines & ADMs are to serve as templates for suitable adoption/adaption by the respective Field Audit Offices. To this end, the following activities were carried out:

- Nodal officers were nominated to prepare Guidelines and Audit Design Matrices (ADMs) across offices.
- Mentors were designated for each topic.
- Comprehensive review of existing ADMs and value-chain mapping across key sectors was carried out to strengthen audit planning and ensure alignment with sectoral processes.
- ADMs were standardised to enable uniform audit design and execution through:

Figure 28: Standardisation of ADMs



*NSWS/SSWS: National/State Single Window System

Under this exercise, standardised ADMs were prepared through detailed research, use of external data sources and stakeholder consultations. Using these ADMs, SSCAs on 'Management and Implementation of Liquor Policy', 'Strengthening Fire Safety

in our country', 'Renewable Energy', 'Performance of Drug Controller' are planned to be conducted during 2026-27. Audit on other topics would be taken up in subsequent years.

These standardised ADMs will streamline audit lifecycles and progressive analysis of key sectoral parameters. They will also enable comparative analysis across States and regions on select parameters and adoption of best practices, aligned with

national and global priorities. Analytics-based audits will also enable identification of large-scale anomalies and scheme-wide risk patterns, for actionable intelligence, targeted interventions, and more effective welfare delivery.

B. Sectoral and Thematic Audits

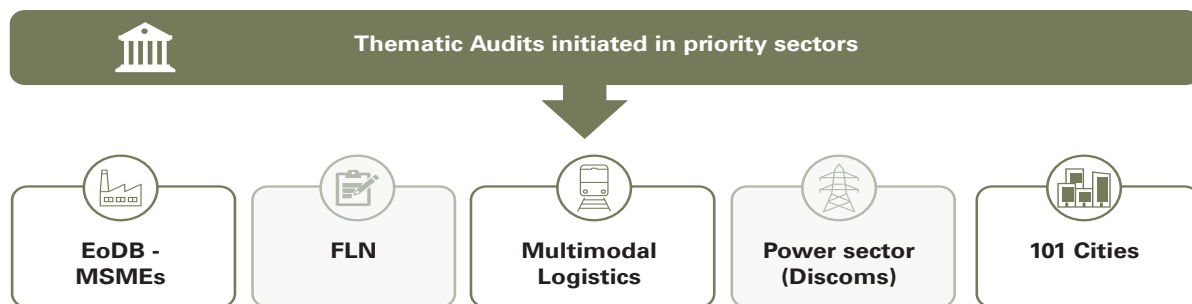
Sectoral or thematic audits deliver sector/theme-specific specialised, holistic and in-depth examination and reporting. Such audits are taken up either by the domain-specific audit verticals or through a cross-vertical exercise spanning across multiple audit wings/offices.

SAI India during 2025-26 initiated the preparatory work to take up sectoral and thematic audits in key high-priority areas

including Ease of Doing Business (EoDB), Foundational Literacy and Numeracy, Multimodal Logistics, Power Sector (DISCOMs) and Ease of Living – 101 Cities.

In 2025-26, comprehensive pre-audit consultations were held across the above-mentioned sectors, robust ADMs and Guidelines were created after exhaustive consultation with stakeholders on these audit priorities.

Figure 29: Thematic audits initiated in priority sectors



• Ease of Doing Business (EoDB)

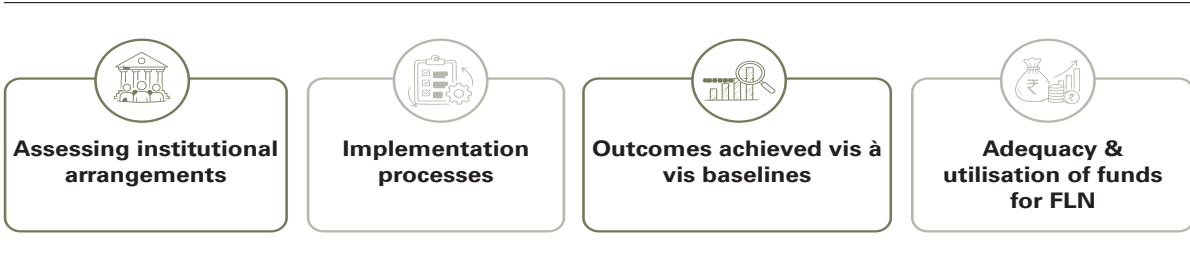
- A Pan-India Horizontal Audit on Ease of Doing Business for MSMEs was initiated in 2025-26, covering the period from 2021-22 to 2025-26, to assess the ease of doing business for MSMEs and whether ongoing reforms are translating into tangible last-mile improvements. Building on these, the Audit Design Matrix focused on regulatory simplification, digitalisation, decriminalisation, reduction of compliance issues, access to finance, infrastructure readiness,

grievance redressal and market access for MSMEs. Coordinated by Shri Manish Kumar, PAG (Audit-II), West Bengal, the exercise is intended to generate evidence-based insights for governments to fine-tune reforms and foster a more predictable, transparent and facilitative business environment. Pilot studies have commenced across States, and the audit will be completed for all States in 2026-27.

- Separately, an interactive consultation on EoDB in the Defence ecosystem was held

- with industry bodies, defence manufacturers and domain experts to understand systemic bottlenecks and identify priority areas, informing the scope of a proposed audit on EoDB in the defence sector.
- School Education**
 - Performance Audits of School Education sector are planned to be taken up from 2026-27 to 2028-29 viz. Foundational Literacy and Numeracy (FLN) in 2026-27, School dropouts in 2027-28 and Skill Development in 2028-29.
 - In alignment with SDG 4, NEP 2020 and the NIPUN Bharat Mission, a Horizontal Performance Audit of FLN was initiated and preparatory work including creation of a robust ADM, stakeholder consultations etc. was completed during 2025-26.
 - The audit framework for FLN focuses on:

Figure 30: Focus of audit framework for FLN



- The Pan-India Performance Audit on FLN adopts a sector-wide, outcome-oriented approach.
 - Audit Guidelines, Audit Design Matrix (ADM), and sampling methodology were finalised through consultations with the Ministry of Education, NCERT and other stakeholders and circulated to field offices.
 - Additionally, pilot studies were completed in six States in 2025, with the Office of the Principal Accountant General (Audit I), Punjab acting as the lead office for this audit.
 - The audit is currently under implementation across all States and Union Territories. It will entail a large-scale beneficiary survey covering parents, teachers, community members and anganwadi workers to assess the effectiveness of FLN interventions.
- Multimodal Logistics**
 - During 2025–26, the Railway Audit Wing initiated an audit of “Multi Modal Transport and Logistics Initiatives” with a focus on first mile and last mile connectivity and logistics efficiency. The audit was designed to assess integration across transport modes, efficiency of evolving logistics operations and alignment with national initiatives such as the National Rail Plan and PM Gati Shakti. An Integrated

Audit Group (IAG) was constituted to undertake coordinated, cross sectoral audits across Railways, Ports, Shipping, Road Transport, and related infrastructure sectors.

- Extensive stakeholder consultations were carried out with Railway Board officials, logistics officials and companies, PSUs, port authorities and private operators to gather diverse inputs. To strengthen the analytical framework of this audit, IIM Mumbai was engaged as a Knowledge Partner.

- Field audits were completed in 2025-26, with findings proposed to be consolidated into a report for presentation before Parliament in 2026-27.

DISCOMs / Power Sector

- The National Conference on the Power Sector was held at Bharat Mandapam, New Delhi, in February 2026, serving as a premier platform for sector-wide consultations.

Figure 31: National Conference on the Power Sector, Bharat Mandapam, New Delhi.



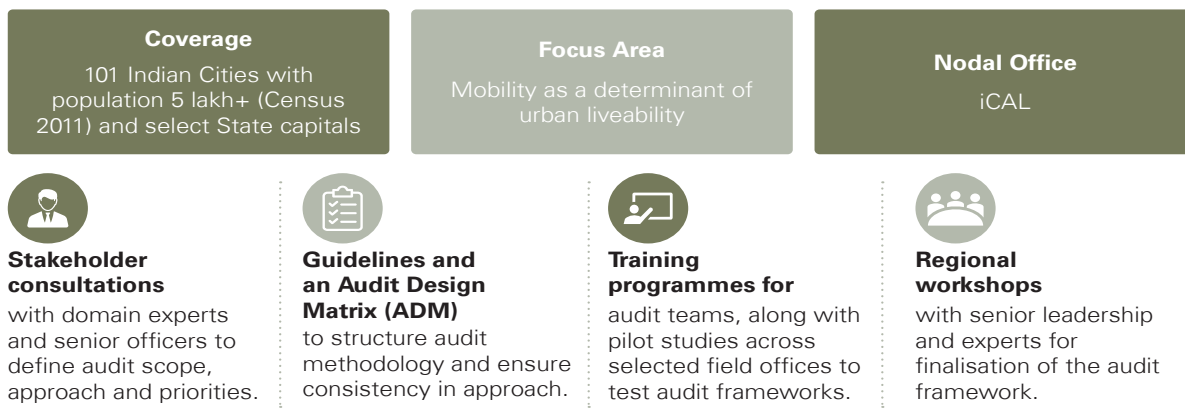
- In the power sector, value-chain audits have been planned for 2026-27 to prepare the ground for deeper examination of distribution-related issues, including DISCOM performance, reliability and quality of supply.
- For 2026-27 and beyond, the audit focus will deepen through a horizontal Performance Audit of the operational and financial performance of DISCOMs, along with audits of the Revamped Distribution Sector Scheme (RDSS), renewable energy generation by CPSEs and PM Surya Ghar: Muft Bijli Yojana.

101 Cities

- The audit of 101 Cities has been conceived as a special initiative to assess and audit Ease of Living from a citizen's perspective, covering cities with population above five lakh as per Census 2011, and state capitals where no city meets that threshold. It is envisioned as a three-year audit with different topics planned each year.
- In 2025-26, in-depth stakeholder consultations were held, followed by the development of detailed Guidelines and Audit Design Matrix on audit of urban mobility.

- Pilot audit teams from ten field offices were trained. Regional workshops were organised for finalisation of audit approach.
- At present, field audit is under progress in all the States on urban mobility. Once completed, reports for the same will be issued in 2026-27.
- The focus of this audit is on service delivery outcomes and institutional effectiveness in urban governance.

Figure 32: Activities under audit of 101 cities



*iCAL: International Centre for Audit of Local Governance

Post completion of the above-mentioned audits, Audit Reports and Management Letters will be issued in 2026-27.

2.2 Initiatives under Accounts

SAI India pursued a range of initiatives to modernise and strengthen the accounts function, spanning digital integration, faster processes, and improved financial reporting. These efforts collectively reflect a commitment to improving support towards evidence-based fiscal governance at both Union and State levels.

2.2.1 Decadal Analysis of State Finances

The Comptroller and Auditor General of India, under the Constitution of India and the CAG's (DPC) Act, 1971, plays a central role

in audit and compilation of State accounts, generating extensive fiscal and accounting data. While existing reports such as Annual Accounts and State Finances Audit Reports (SFARs) provide insights for recent years, a comprehensive inter-temporal and inter-State perspective over a longer horizon was lacking. To address this gap, SAI India undertook a decadal analysis of State finances to support deeper fiscal insights and evidence-based policymaking. In translating this objective into practice, the initiative involved several key data-driven steps and regular releases:

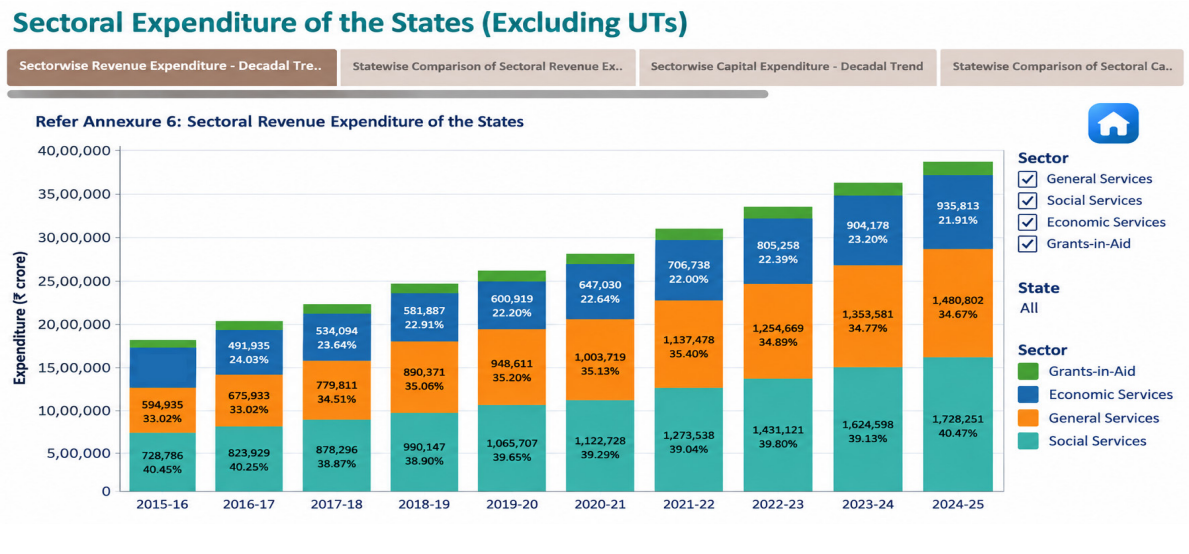
- Extensive fiscal data available through State accounting systems was leveraged to develop a consolidated framework for decadal analysis of finances.

- The first publication on State Finances 2022–23 was released in September 2025, presenting a ten-year analysis (2013–14 to 2022–23) of key fiscal indicators across 28 States.
- The publication covered revenues, expenditure, debt, liabilities, deficits and guarantees, along with sectoral, functional and economic classification of expenditure.
- Building on strong stakeholder response, the initiative was institutionalised as an annual series, with the second edition of the publication on State Finances 2023–24 released in December 2025, extending coverage to the period 2014–15 to 2023–24.
- The second edition expanded analytical depth through detailed examination of key parameters, including States' own tax revenue, Subsidies, Committed expenditure, Public debt and public account liabilities, Personal Deposit Accounts, Abstract Contingent Bills and Ways and Means Advances.
- To enhance accessibility and usability, an interactive 'State Finances Data Dashboard' was developed and hosted on the CAG website, enabling dynamic analysis by policy makers and other stakeholders.
- State Finance publications and the underlying data are made available in machine-readable, downloadable formats, enabling researchers, policymakers, Public Financial Management (PFM) practitioners, and data scientists to undertake independent analysis, research, and evidence-based policy studies.

Figure 33: CAG of India, Expenditure Secretary and Deputy CAG (GA) & Chairperson GASAB releasing Publication on State Finances at the Conference of State Finance Secretaries on 19 September 2025



Figure 34: State Finances Data Dashboard



The rollout of this decadal analysis and the interactive dashboard has delivered several key institutional impacts:

Figure 35: Core outcomes and strategic impacts of the Decadal Analysis of State Finances

- 01

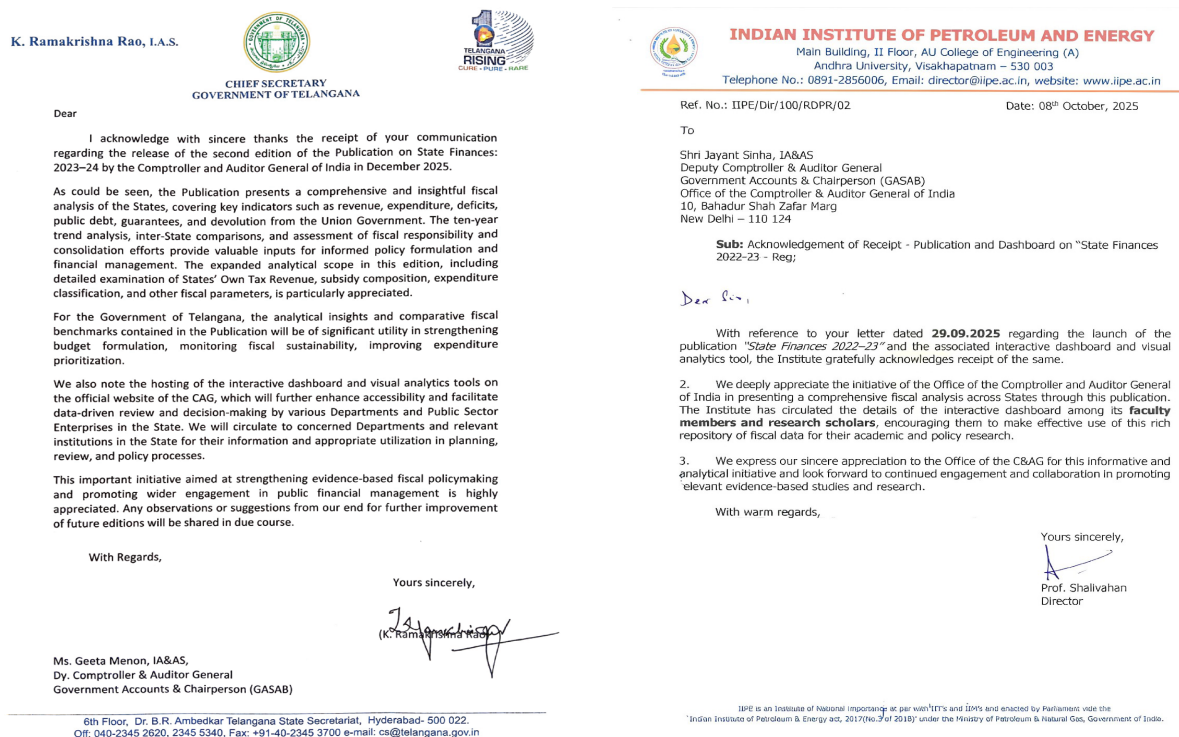
Created the first consolidated repository of inter-State fiscal data for robust comparison.
- 02

Strengthened analytical capacity and supported stakeholder capacity building.
- 03

Enabled accessible, granular, and evidence-based fiscal insights.
- 04

Positioned CAG as a key knowledge resource in public finance.

Figure 36: Stakeholders' feedback on Publication on State Finances



2.2.2 Strengthening public financial management through modernisation of Government accounting systems- Faster voucher processing

The Government Accounts (GA) Wing has initiated a system-wide transition from legacy, voucher-level processes to a modern, digital accounting architecture, aimed at enhancing speed, interoperability and analytical capability. The year 2025-26 marked the development of a new accounting application to replace the legacy Voucher Level Compilation (VLC) system, marking a shift towards an integrated accounting framework. The hardware infrastructure by means of migration of the legacy VLC application to the cloud for the

roll out of new accounting application is targeted to be ready in place by the end of 2026. We expect to migrate the legacy VLC application to the cloud by the end of 2026. As of March 2026, migration had been completed at two locations, and the project had entered the Go-Live phase, which puts the hardware infrastructure in place for the new accounting application rollout.



Figure 37: Features of the new accounting application

Key Features of CAG's New Accounting Application

CAG's New Accounting Application will transform government accounting by enabling near real-time processing of vouchers, seamless integration with **Public Financial Management (PFM)** systems and intelligent analytics to strengthen the quality, timeliness and transparency of financial reporting and support technology-enabled audit.

CAG's New Accounting Application			Integrated	Intelligent	Interoperable	Audit-enabled	Future-ready
01	Faster & Near Real-time Accounting	<ul style="list-style-type: none">End-to-end digital voucher processing and approval workflowsNear real-time compilation of accounts	<ul style="list-style-type: none">Faster month-end and year-end closureTimely availability of fiscal information	Expected impact: Accelerated compilation of accounts and timely availability of reliable fiscal information.			
02	Integrated PFM Ecosystem	<ul style="list-style-type: none">Seamless integration with State IFMS / CFMSIntegration with PFMS, RBI e-Kuber, NPCI and other CAG platforms	<ul style="list-style-type: none">Real-time exchange of financial informationUnified workflows across the PFM ecosystem	Expected impact: End-to-end interoperability and consistent, reliable financial information across platforms.			
03	Data Quality, Validation & Automation	<ul style="list-style-type: none">Automated validations and business rulesOCR-enabled voucher processing	<ul style="list-style-type: none">ETL-based data flows and standardisationException handling and workflow controls	Expected impact: Significant reduction in manual intervention, errors and reconciliation gaps; improved data quality.			
04	Centralised Fiscal Information & Analytics	<ul style="list-style-type: none">Centralised repository of voucher-level dataCross-State comparative analysis	<ul style="list-style-type: none">National fiscal dashboards and analytical reportsAI / ML-ready architecture for predictive insights	Expected impact: High-quality fiscal intelligence for evidence-based policy making and enhanced fiscal transparency.			
05	Audit-enabled Architecture	<ul style="list-style-type: none">Voucher-level drill-down and traceabilityDigital repository for audit trail and documents	<ul style="list-style-type: none">Remote audit and data access supportRisk analytics and anomaly detection	Expected impact: Strengthened quality of accounts and technology-enabled, data-driven audit.			
06	Stakeholder Engagement & Data Dissemination	<ul style="list-style-type: none">High-quality fiscal data dissemination in near real timeRole-based dashboards and customised reports	<ul style="list-style-type: none">Open data and citizen-friendly information productsEmpowering citizens for informed oversight	Expected impact: Greater transparency, citizen empowerment and strengthened good governance.			
07	Future-ready Accounting Framework	<ul style="list-style-type: none">Scalable and secure cloud architectureSupport for General Government Finance reporting	<ul style="list-style-type: none">Chart of Accounts harmonisationAccrual accounting readinessAdaptable to evolving PFM reforms and user needs	Expected impact: A future-ready platform to support reforms in government accounting and public financial management.			

The application is expected to serve as the digital backbone of government accounting,

supporting faster, more reliable and data-driven Public Financial Management.

2.2.3 Streamlining of accounting processes across CAG Offices through stakeholder engagements

During the year, CAG offices strengthened accounting processes and enhanced the reliability of financial reporting through innovative measures. Targeted stakeholder engagements were undertaken by A&E offices across States in accounts-related workflows to improve awareness and reconciliation. These efforts were reflected in several State-level initiatives focused on capacity building, stakeholder outreach, and improving the quality of accounts at source.

In Chhattisgarh, Workshops with Treasury Officers and nearby Drawing and Disbursing Officers (DDOs) and Budget Controlling Officers (BCOs) were organised in

November 2025. The workshops, attended by around 350 Treasury Officers, DDOs and BCOs of the Government of Chhattisgarh, were inaugurated by the Hon'ble Finance Minister of Chhattisgarh. Sessions highlighted good practices and innovations related to the JAM Trinity, Direct Benefit Transfer (DBT), e-KYC, digital payments, Aadhaar-based e-authentication, budget management in government schemes, the SNA-SPARSH portal, and financial accountability.

Similarly, initiatives undertaken by the offices of PAG (A&E) Telangana and AG (A&E) Uttarakhand, showed that direct interaction with field functionaries and sustained district-level engagement can improve the quality of accounts at source. This is a model that is being replicated in other States in 2026-27.

Outreach and Capacity Building Initiatives for Strengthening A&E Processes: An Initiative of Office of the PAG (A&E) Telangana

- ✓ **About:** The Office of the PAG (A&E), Telangana undertook outreach and capacity-building to improve A&E processes, preparation and submission of accounts and vouchers, reduce discrepancies, and strengthen coordination with State departments.
- **Details of initiative:**
 - **District-centric Workshops:** Four workshops covering 13 of the State's 33 districts were conducted at district headquarters, with 250–300 participants each, including Treasury and Sub-Treasury Officers, Pay and Accounts Officers, Drawing and Disbursing Officers, departmental officials, pensioners, pensioners' associations and GPF subscribers.
 - **Department-centric Workshops:** Two specialised workshops were conducted in Hyderabad for the Treasuries & Accounts Department (November 2025) and the Forest Department (January 2026), with participation of 150–200 officials per workshop.
 - **Pension-GPF Adalats:** Five Adalats were held at Hyderabad, Ranga Reddy, erstwhile Mahabubnagar, erstwhile Warangal and the Telangana Forest Academy, involving 96 departments and 544 officials to resolve pension and GPF related issues. Pension modules were prepared in collaboration with the State Government.

- **Tri-partite Agreement:** A Memorandum of Understanding signed in October 2025 between the Office of PAG (A&E), Telangana, the Finance Department, Government of Telangana, and Dr. MCR HRD Institute established a framework for capacity building, under which six training sessions on pension procedures were conducted during the year.
- **Workshop on Budget and IFMIS:** A two-day workshop on Budget fundamentals, the State budgetary process and IFMIS workflow was conducted for 50 officials of the office, leading to recommendations to the Finance Department for strengthening the IFMIS module.
- **Digital Transformation through Pension & GPF Modules:** In collaboration with the State Government, e-Pension and e-GPF modules were developed for end-to-end digital processing, enabling online applications, real-time tracking, and HRMS integration to improve efficiency, transparency, and service delivery.

- **Impact:**

- The initiative addressed issues at the source of information generation, reducing errors in A&E cases and minimising objections and correspondence.
- As a result, 1,736 of 1,913 wanting paid cheques (**90.75%**), 85 of 104 outstanding AC Bills (**81.73%**), and 5,590 of 6,957 wanting vouchers (**80.35%**) were cleared.
- Additionally, 107 of 479 pending Treasury Inspection Paras were settled and 24 pending Schedule of Settlement with Treasuries (SSTs) were received

Through Adalats, **166 pension cases were cleared**, while 71 PPOs and 58 GPF Final Withdrawal Authorisations were distributed.

Figure 38: District Treasury Officers' Workshop on Accounting Procedures, Pensions and GPF related Issues



District Engagement for Strengthening A&E Processes: An Initiative of office of the AG (A&E) Uttarakhand

- ✓ **About:** The Office of the Accountant General (A&E), Uttarakhand, undertook a structured district-level outreach initiative during 2025–26 to strengthen government accounting processes, improve the quality and timeliness of primary accounts, promote financial discipline, and enhance coordination with Account Rendering Units (ARUs) across the State.
- Details of initiative:**
 - Under this initiative, **two Workshops for Strengthening Government Accounting Processes** were organised at Nainital (7 November 2025) and Haridwar (25 February 2026).
 - District-specific issues were identified and discussed with concerned officers using **real case records**.
 - These workshops together covered approximately **500 participants**. Participation included officers from major spending and administrative units such as Education, Public Works Department, Irrigation, Rural Works, PMGSY, Police, Forest and Treasury establishments.
 - To ensure continuity of engagement, **district-wise Nodal Officers were designated** by the office as single-point contacts for guidance and follow-up action.
- Impact:** Focused discussions on GPF, AC/DC Bills and Utilisation Certificates helped accelerate disposal, reduce pendency and minimise avoidable objections. It facilitated better coordination between the office of the Accountant General and district-level functionaries, resulting in improved responsiveness.

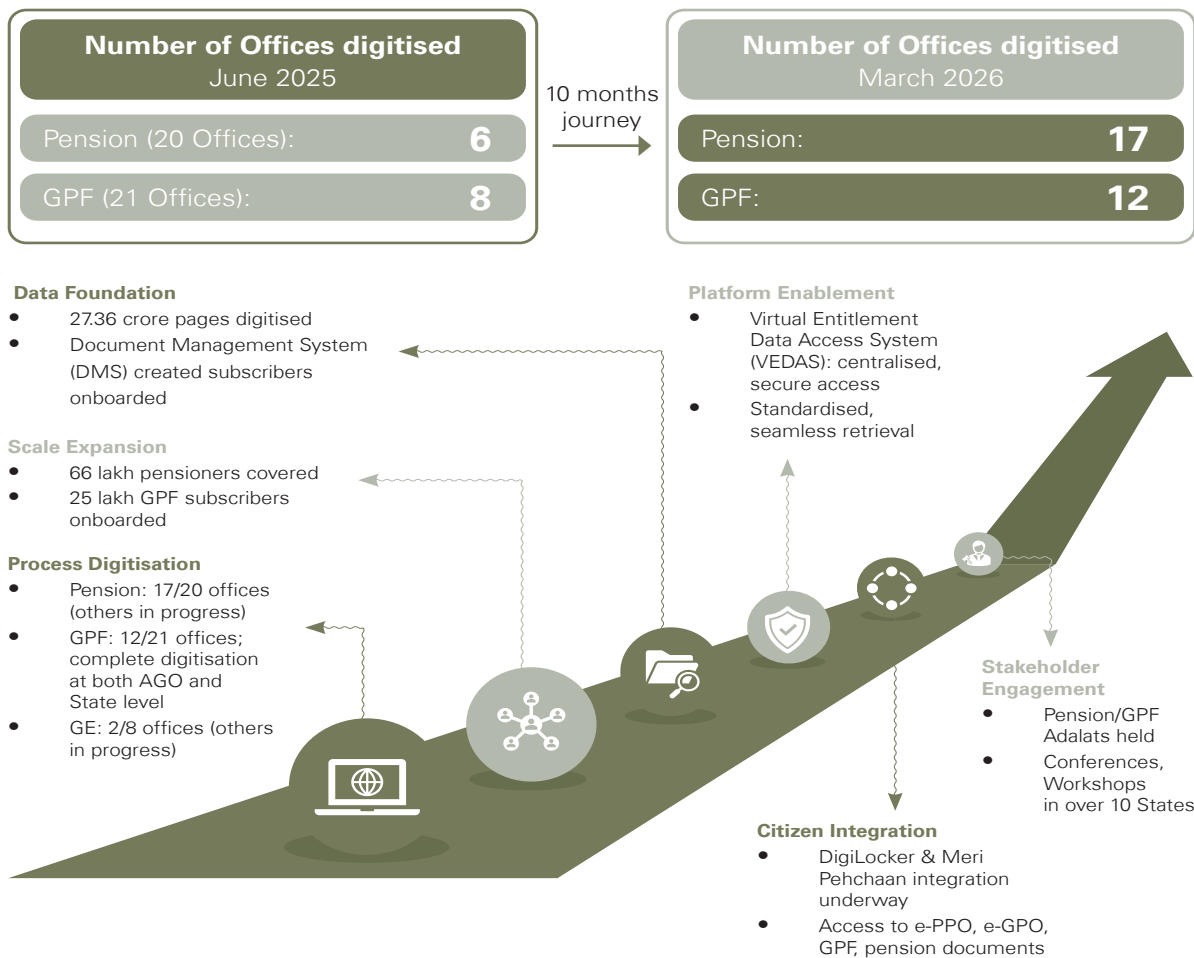
2.2.4 End-to-end digitisation for pension and GPF functions

One of the crucial areas of focus under the Government Accounts Wing this year has been the transition towards digital, paperless and citizen-centric service delivery in entitlement functions. Given the scale of operations, covering approximately 66 lakh pensioners and 25 lakh GPF subscribers, and the need for timely, transparent and efficient processing, several activities have been undertaken to achieve end-to-end digitisation across Pension, General Provident Fund (GPF), and Gazetted Entitlement (GE) functions, including digitisation, platform integration and the

development of dedicated pension modules in collaboration with the State Governments.

To expedite the digitisation process, Shri Navneet Gupta, PAG (Accounts & Entitlement), Haryana, was entrusted in June 2025 with the task of providing guidance to other States for replicating the best practices adopted by the Haryana office in achieving complete end-to-end digitisation. Within a short span of ten months, significant progress has been made in implementing these practices, as detailed below. The remaining States are also progressing towards achieving end-to-end digitisation in these functions.

Figure 39: Ongoing digitisation for pension and GPF functions



The end-to-end digitisation initiative enabled a shift from manual, fragmented processing to integrated, system-driven service delivery across entitlement functions. This has resulted in improving timeliness, consistency and efficiency of service delivery across Pension, GPF and GE processes along with expansion of scale and coverage. It has also reduced dependence on physical documentation through large-scale digitisation of records, and deployment of Document Management System (DMS) and Virtual Entitlement Data Access System (VEDAS) are under process.

2.2.5 Harmonisation of Primary Units of Appropriation in Union and State Governments

Primary Units of Appropriation (Object Heads) represent the lowest level of economic classification of expenditure and form the foundation for preparation of government accounts. However, variations in classification practices across States have affected consistency, comparability and transparency in financial reporting. In this context, SAI India initiated efforts towards harmonisation of 'Object Head' classification

across the Union and State governments to strengthen public financial management systems.

- A comprehensive review was undertaken involving all State Accountants General (A&E) to map existing classification practices at the Object Head level across States.
- The analysis revealed significant variation in classification structures, ranging from 36 object heads in some States to over 400 in others, impacting comparability of expenditure data.
- The issue was deliberated at the first Conference of Finance Secretaries and taken up in greater detail by a working group of Finance Secretaries and other key stakeholders, including the Controller General of Accounts

and the Controller General of Defence Accounts.

- Building on these consultations and earlier recommendations of Finance Commissions, a harmonised framework was developed in alignment with the revised Object Head structure introduced by the Union Government.
- Under Article 150 of the Constitution, an Office Memorandum was issued recommending adoption of a uniform classification structure comprising 63 common Object Heads across the Union and State Governments, to be implemented from 2027–28.

The implementation of this uniform classification is expected to yield several key fiscal outcomes:

Figure 40: Key Fiscal outcomes and strategic impacts of the uniform classification reform



2.2.6 Second Conference of Finance Secretaries

The CAG of India convened the second conference of State Finance Secretaries on 19 September 2025 in New Delhi as part of an institutionalised annual platform to strengthen Public Financial Management (PFM) through collaborative and system-

wide engagement. The conference brought together around 200 participants, including State Finance Secretaries, senior officials from the Ministry of Finance, Reserve Bank of India, Controller General of Accounts, Controller General of Defence Accounts, Railways and Accountants General, reinforcing a whole-of-government approach to fiscal governance.

Figure 41: CAG of India addressing the Finance Secretaries and other Stakeholders of Union and the States



The conference aimed to foster convergence across budgeting, accounting and auditing functions, and align State-level reforms with national fiscal priorities through greater use of technology, data integration and dissemination of best practices. The key thematic discussions and collaborative exercises executed during this event included:

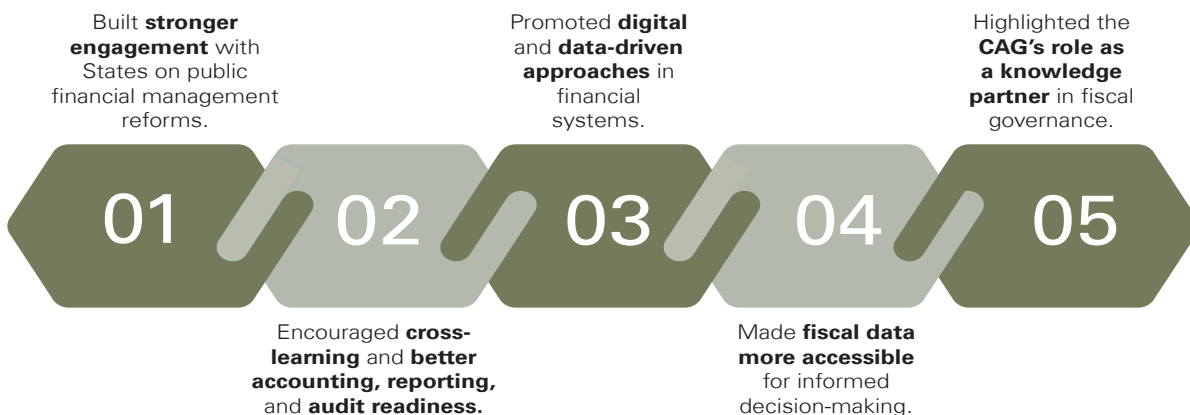
- Deliberations built upon outcomes of the first conference, with focus on improving timeliness of accounts and advancing harmonisation of accounting classifications.
- Key thematic discussions covered leveraging digital platforms for governance, strengthening audit and accounting of PSUs and Autonomous Bodies, addressing issues in 'Centrally Sponsored Schemes', and dissemination of good practices in public finance management across States. Discussions also highlighted initiatives such as mapping schemes with Sustainable Development Goals (SDGs) to strengthen budgeting and accounting frameworks.
- Emphasis was placed on digital financial systems such as Integrated Financial Management Information System (IFMS), Works and Accounts

Management Information System (WAMIS), e-procurement and e-vouchers, with a focus on ensuring auditability, security and integration of systems for end-to-end fiscal visibility.

- Deliberations on emerging areas of fiscal governance, including strengthening the accounting and reporting framework for Budget Stabilisation Funds, integration of Sustainable Development Goals (SDGs) into budgeting and financial reporting, and assessment of the maturity of digital PFM systems.
- Discussions also addressed oversight of PSUs, Autonomous Bodies and Urban Local Governments, including use of maturity frameworks, and highlighted the growing importance of urban finance in service delivery and infrastructure development.
- The Conference featured knowledge-sharing initiatives, including release of the State Finances 2022–23 publication and demonstration of interactive dashboards, along with capacity-building initiatives for State officials.

The collaborative value generated by this conference can be summed up in five core areas.

Figure 42: Key takeaways established during the Second conference of Finance Secretaries



2.2.7 CAG's contribution to the Sixteenth Finance Commission's analysis and Report

The Sixteenth Finance Commission drew extensively on the data, reports and institutional inputs of the Comptroller and

Auditor General of India in its assessment of Union and State finances. At the outset, the CAG made a comprehensive presentation on the fiscal position and assessment of Government finances to the Commission on 5th March 2025 before the Chairman, Sixteenth Finance Commission.

Figure 43: CAG of India and 16th Finance Commission Chairman Dr. Arvind Panagariya along with their officers at a meeting held in Bhopal in March 2025



For its assessment of State finances, the Commission relied primarily on the audited State Finance Accounts compiled by the field formations of the CAG, namely the respective Accountant General (A&E) offices, supplemented by the CAG's State Finances Audit Reports (SFARs). These

reports provided independent assessments of State and local body finances, State Public Sector Enterprises, power sector reforms and the status of implementation of the recommendations of previous Finance Commissions, among other matters.

“For its work related to analysis of State finances, the Commission extensively used the data from the Finance Accounts as well as the State Finances Audit Reports. In addition to the data on receipts and expenditure under the uniform classification of major and minor heads, the Finance Accounts present data on various important items of expenditure that would otherwise not be shown separately under the uniform classification.

During its consultations, the Commission gained valuable insights from the CAG and the AGs of all States, and extensively used data from the State Finance Accounts and audit reports. These have been critical to the Commission reaching its conclusions and formulating its recommendations. I would like to take this opportunity to thank you and your organisation for the invaluable support.” – Secretary to XVI Finance Commission

The Commission also recognised the constitutional role of the CAG in ascertaining and certifying the net proceeds of taxes to be shared between the Union and the States, and obtained disaggregated details of the divisible pool of taxes from the Office of the CAG for its analysis of tax devolution. In examining the finances of public sector enterprises, the Commission relied on the General Purpose Financial Reports and datasets of the CAG for Central Public Sector Enterprises (CPSEs), observing that CAG data offers more exhaustive coverage than any other source, and on the State Finances Audit Reports and related financial information compiled by the CAG for State Public Sector Enterprises (SPSEs). The CAG’s Performance Audit Reports further formed part of the Commission’s evidence base while examining sectoral reforms, including in the power sector.

2.2.8 Streamlining the accounting of Mineral Royalty

Mineral royalty constitutes a significant component of a State’s non-tax revenues and plays a critical role in natural resource management and fiscal stability. However, inconsistencies in accounting and classification practices, including fragmented reporting and absence of standardised accounting heads, have limited transparency, comparability and effective audit oversight of mineral revenues. To bridge these systemic gaps and standardise the reporting process, the core steps and corrective actions taken included:

- A review of State accounts revealed systemic gaps in accounting of mineral royalty receipts, including improper classification, lack of distinction between major and minor minerals, absence

of dedicated heads, and fragmented reporting affecting tracking of National Mineral Exploration Trust (NMET) fund and State Mineral Exploration Trusts (SMET) fund contributions. In response, the CAG advised rationalisation of budgeting and accounting practices, including creation of specific accounting heads for mineral royalty receipts and associated levies.

- Following the notification (June 2025) of the revised accounting structure for mineral royalties issued by the CGA, the CAG worked closely with State Governments and Offices of the Accountant General (A&E) to facilitate its implementation through the adoption of dedicated minor heads for royalty receipts, auctioned mineral resources and related transactions.
- Consultative efforts involving the Ministry of Mines, State Governments, and A&E offices led to implementation of reforms, including notification of relevant mining rules, introduction of unique minor heads for royalty receipts and auctioned mineral resources.
- Measures such as creation of Reserve Funds for SMET and standardised accounting of NMET contributions were incorporated to strengthen reporting and compliance.

As a result of these reforms, the accounting framework for mineral royalty receipts has become more transparent, consistent and comparable across States, strengthening fiscal reporting and enhancing the quality of information available for financial management, policy analysis and audit.

Figure 44: CAG of India, Secretary MOSPI, Deputy CAG (GA) & Chairperson GASAB, and Deputy CAG OSD (GA) during discussion on Natural Resource Accounting



Figure 45: Key institutional outcomes and structural impacts of streamlining the accounting of mineral royalty



2.2.9 Strengthening Government Financial Reporting through GASAB

The Government Accounting Standards Advisory Board (GASAB), under the aegis of the Comptroller and Auditor General of India, serves as the apex body for formulation of the Indian Government Accounting Standards (IGAS) and strengthening financial reporting in the public sector. Through development of standards, guidance notes and disclosure frameworks, GASAB aims to enhance transparency, accountability, accuracy and quality of Government financial reporting, while supporting public financial management reforms. GASAB's core strategic updates in 2025-26 focused on:

- Enhancement of multiple accounting standards and disclosure frameworks, including revision of IGAS 1 (Guarantees), IGAS 2 (Grants-in-Aid), and development of frameworks on public debt, external assistance and public assets.
- Strengthening institutional processes through revision of the 'Due Process

Framework', enhancing stakeholder consultation and introducing structured mechanisms for standard-setting.

- Preparation of a Strategic Development Plan (2026–29) identifying priority areas such as sustainability reporting, PPP reporting, ULB accounting standards and conceptual framework for financial reporting.
- Advancing Natural Resource Accounting (NRA) through preparation of asset accounts for mineral and water resources and alignment with environmental-economic accounting frameworks.
- Enhancing digital platforms and knowledge dissemination, including upgrade of GASAB systems and issuance of exposure drafts and knowledge products.
- Initiating the revision of National Municipal Accounts Manual (NMAM) towards NMAM 2.0, to align municipal accounting with evolving digital and governance requirements.

2.3 Organisational Reforms

During 2025-26, SAI India undertook structural reforms for strengthening institutional architecture, improving operational efficiency, and aligning its organisational design with the demands of a modern technology-enabled audit environment.

2.3.1 Organisational restructuring

The year witnessed significant changes in the Headquarters and field office structure of SAI India, including creation of specialised offices, bifurcation/merger of certain existing offices as well as rationalisation across offices, aimed at optimising coverage and improving responsiveness to stakeholder needs.

A. Optimisation at Headquarters level

- Decentralisation of CAG office into Regional offices**

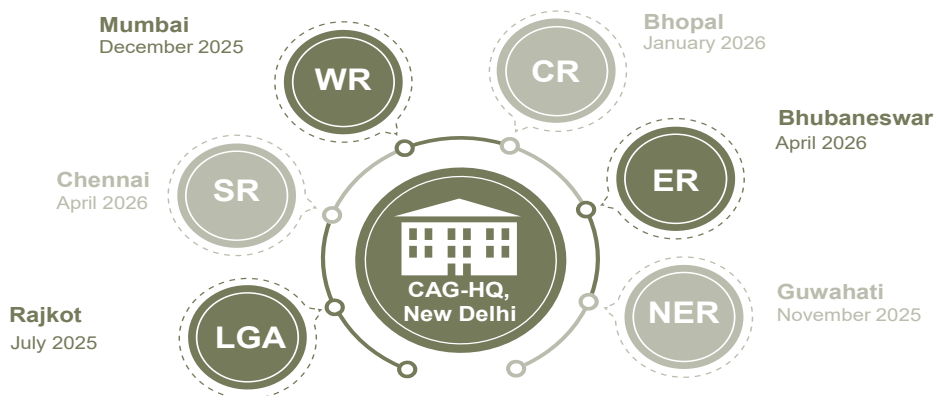
During 2025–26, SAI India undertook steps towards decentralisation of functions hitherto handled at CAG headquarters in New Delhi.

Regional offices of the Comptroller and Auditor General of India were created across the country, viz., North-Eastern Region (Guwahati), Western Region (Mumbai), Central Region (Bhopal), Eastern Region (Bhubaneswar) and Southern Region (Chennai). In addition, an office for Local Governance Audit was created at Rajkot. These offices have been entrusted with all roles and responsibilities hitherto discharged by the respective regional wings at CAG Headquarters, New Delhi, enabling decentralisation of functions.

The reform has been implemented in a phased manner, with the office for Local Governance Audit starting from 1 July 2025, North-Eastern Region office commencing operations in November 2025, followed by Western and Central Regions in December 2025–January 2026, and Eastern and Southern Regions from April 2026. The newly created regional offices are headed by Deputy Comptroller and Auditor General / Additional Deputy Comptroller and Auditor General, ensuring strengthened leadership and decision-making capacity at the regional level.

This decentralisation is expected to lead to strengthened regional governance by enhancing decision-making, coordination, stakeholder engagement, and alignment with regional priorities, and timeliness of reports.

Figure 46: Decentralisation of CAG office into Regional Offices



• **Reorganisation of State Commercial Audit including opening of separate State Commercial wing in AG offices**

The audit of State Public Sector Undertakings (SPSUs) and financial audit of State Autonomous Bodies (SABs) were being carried out using broader State audit framework, and responsibilities distributed across multiple Audit offices and Audit Management Groups (AMGs).

This dispersed arrangement resulted in fragmentation of work, multiplicity of reporting channels and limited

focus on specialised State commercial audit streams. This led to challenges in coordination, inconsistency in the interpretation of accounting standards, and sub-optimal utilisation of available expertise.

In view of the increasing scale, complexity and technical nature of commercial audits, particularly in supplementary audit of SPSUs and certification audit of State Autonomous Bodies, a dedicated and functionally aligned structure for the State Commercial Wing was established in 2025:

Figure 47: Reorganisation of the State Commercial Audit Vertical

1. Creation of a dedicated State Commercial Audit Wing at Headquarters	A separate State Commercial Audit Wing has been operationalised under the charge of Additional Deputy Comptroller and Auditor General (State Commercial) to provide centralised oversight for audit planning, coordination and processing of audit outputs relating to SPSUs and SABs across all States.
2. Centralisation of certification and reporting functions	The State Commercial Wing has been entrusted with finalisation of audit comments on supplementary audit of SPSUs and certification audit/Separate Audit Reports of SABs, ensuring standardisation, consistency and improved quality of outputs across States.
3. Reorganisation within State Audit Offices (AG offices)	Within each State Audit Office, all SPSUs have been consolidated under a single designated AMG, with a dedicated Group Officer responsible for exclusive handling of commercial audit, replacing the earlier dispersed arrangement across multiple AMGs.
4. Integration of SAB certification with commercial audit function	Processing of certification audit and SARs of SABs has been aligned with the designated commercial audit AMG, with transfer of related work from other AMGs to the designated Group Officer to ensure functional consolidation.
5. Streamlined audit planning and reporting framework	A unified all-India plan for SPSUs is prepared in consolidated manner at HQ by the State Commercial Wing and State Commercial Audit reports are centrally finalised.
6. Rationalisation of manpower and technical support	Commercial cadre staff (SAOs/AOs) from different AMGs have been regrouped under the designated commercial audit AMG. Technical Support Cells in State Audit Offices have been aligned with the commercial audit function to strengthen analytical and technical capabilities.

AMG: Audit Management Group; SPSU: State Public Sector Undertaking; SAB: State Autonomous Body

Reorganisation of State Commercial Vertical is expected to result in enhanced quality, consistency and efficiency of State Commercial Audits through centralised

oversight, strengthened sectoral specialisation, and optimised utilisation of resources.

B. Optimisation of field offices

Re-organisation of Railway Audit Vertical

In response to the rapidly evolving scale and complexity of railway operations, SAI India restructured its Railway Audit architecture to enhance efficiency and effectiveness including key activities like:

- Consolidation of 18 Railway Audit Offices into 9 establishments. Each office is under the jurisdiction of a Director General/ Principal Director of Audit, to optimise audit resources and strengthen oversight.
- Hub-and-spoke model integrated for supervision and continued local presence. Head offices to oversee multiple railway zones and branch offices to support field-level audit execution for specific zones.
- Grouping of two or more zonal audit units to facilitate improved coordination, uniform audit practices and better workload distribution across regions.
- Establishment of a Remote Digital Audit Cell (R-DAC) at Headquarters to build digital audit capabilities and support coordination with the Ministry of Railways.

Outcomes envisaged from reorganising Railway Audit offices include even distribution of work amongst railway audit offices, and effective risk assessment and audit through advanced data analytics.

Reorganisation of Union Commercial Audit Field Offices

The Commercial Audit Wing is responsible for the audit of 15 Ministries and 4 Departments of Government of India, mainly in economic and infrastructure sectors. The work is carried out by nine field audit offices spread across the country.

There has been a significant shift in governance architecture owing to digitalisation, evolving complexities of working arrangements across sectors, and shifting priorities driven by a capex push. It became imperative for CAG to review existing office structures and processes in tandem with planned strategic audits and stakeholder expectations.

Subsequently, the following activities were undertaken:

- The work allocation structures of field audit offices were intensively reviewed to facilitate sectoral integration of audit jurisdictions, with a shift from geographical distribution towards sector-focused audit domains. The restructuring seeks to develop domain specialisation, promote an integrated and focused audit approach, and support more efficient, technology-enabled and remote audit practices. In doing so, it establishes clear ownership across each key audit domain and presents a single, unified audit interface (“one face”) to the executive.
- Wings within each field audit office were rearranged to reflect their sectoral focus.
- Revised arrangements were operationalised within defined timelines and detailed instructions were issued by the Commercial Audit Wing to give effect to these arrangements.
- The offices of DGA Mines and DGA Coal were merged into office of DGA (Mines and Coal), Kolkata, which was made responsible for audit of entities under Ministry of Mines and Ministry of Coal. Additionally, internal rearrangement was carried out to separate responsibilities pertaining to focus sectors from those pertaining to sub-audit arrangements for North-East units.

- As part of the restructuring, sector-focused audit responsibilities were streamlined across the respective field audit offices including Chennai (Shipping), Delhi (Power),

Hyderabad (MSME), Kolkata (Mines & Coal), Mumbai (Financial Services). Details on the work allocation to field audit offices can be found in Annexure III.

Figure 48: Outcomes of Field Audit Office restructuring

Integrated sectoral approach for defining audit jurisdiction

- Sectoral approach** for defining **audit jurisdiction** of field audit offices (FAOs)
- Replacing** the geographical distribution approach.

Hub and spoke model to realign FAOs

- Realignment of FAOs** with minimal relocation of HR and infrastructure.
- Leverage the existing sectoral experience** in FAOs.



Mitigation of operational overlaps by defining Hubs and Spokes

- Sectoral Principal Audit Offices as **hubs**
- Sectoral Sub-Audit Offices as **spokes**
- Improved coordination** across audit lifecycle, between Principal and Sub-Audit Offices.
- Special audit arrangement** for audit entities in **North-East**.

Focus on remote/centralised audits

- Leveraging technology and datasets** efficiently through re-allocation of FAOs.
- To **enhance audit coverage**.

- Centre of Excellence for Financial Audit (CoEFA)**

To address emerging trends and challenges of conducting financial audit of public entities, as well as to leverage technology for enhancing audit efficiency and

effectiveness, Centre of Excellence for Financial Audit (CoEFA) in Hyderabad was established in 2025.

The setting up of CoEFA is expected to create beneficial outcomes for the future, including:

Figure 49: Establishment and vision of CoEFA



*ABs: Autonomous Bodies; ULB: Urban Local Bodies; PSU: Public Sector Undertaking

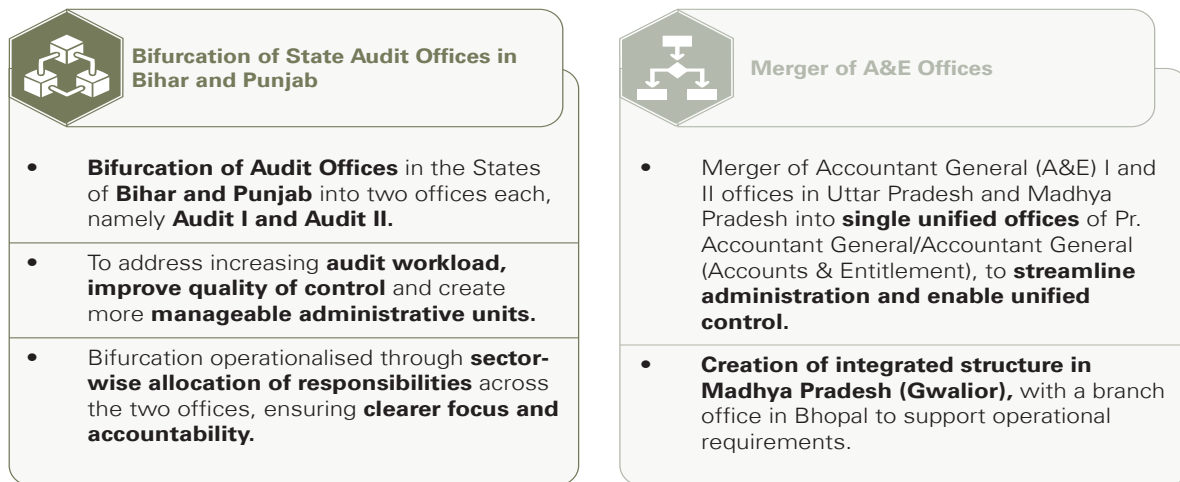
• **Bifurcations and mergers of field offices**

As part of ongoing organisational reforms, CAG undertook structural changes in field offices to improve administrative efficiency, balance workload, and enhance functional effectiveness. These measures included:

- Bifurcation of State Audit offices in Punjab & Bihar
- Merger of A&E offices in Uttar Pradesh and Madhya Pradesh

This restructuring aimed to rationalise existing offices, strengthen supervision, and enhance operational efficiency. Some of the key activities undertaken were:

Figure 50: Bifurcation and merger of offices



Together, the merger and bifurcation formed a calibrated approach to combine decentralisation (through bifurcation) and consolidation (through merger) and align responsibilities to workload characteristics and functional requirements across offices. The bifurcations of large State audit offices will improve administrative prowess, workload distribution and focus on sectoral clusters, strengthening audit operations at State level. The mergers will consolidate related functions, reduce organisational fragmentation and create coherent administrative structures.

2.3.2 Cadre optimisation – CEA and CRA cadres

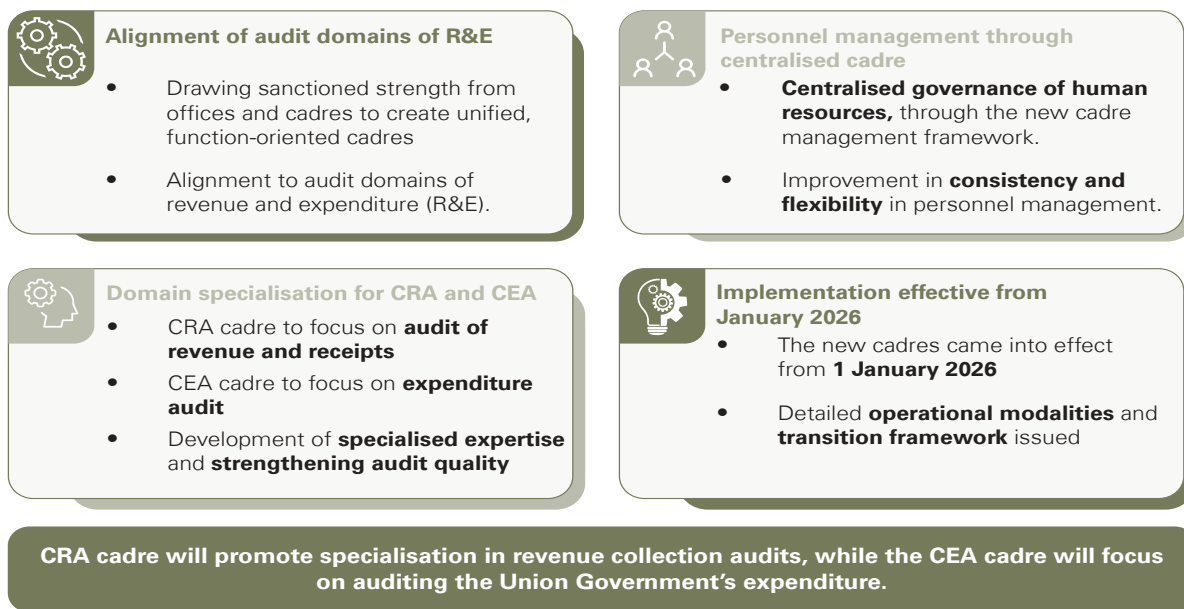
The audit of 'Central Receipts and Expenditure' of the Union Government, was thus far carried out by multiple Central Audit Offices with cadre control dispersed across several Union and State audit offices and

independent cadre controlling authorities. This decentralised arrangement, coupled with misalignment in cadre management resulted in constraints pertaining to flexible deployment, uneven distribution of manpower and sub-optimal utilisation of skilled personnel. Further, a significant proportion of posts at Headquarters depended on deputation from field offices. To address these issues, two centralised cadres were created:

- **Central Revenue Audit (CRA) cadre:** Transferring up to two-thirds of the staff strength from Central Audit offices from both receipt and expenditure audit, along with subsuming DGA (Central Receipt), New Delhi and the CRA vertical of Headquarters, to create a specialised revenue audit domain and promote deeper expertise in auditing government revenue collections.

- **Central Expenditure Audit (CEA) cadre:** Transferring the remaining one-third strength from such offices, along with personnel from exclusive expenditure audit offices (including Finance & Communication Audit), International Training Institutes, RCBKIs/Cs and relevant Headquarters verticals, with the following characteristics:

Figure 51: Features of centralised cadres- CRA and CEA



Cadre optimisation is expected to strengthen organisational effectiveness and improve the quality, consistency, and relevance of audits through standardised methodologies and enhanced institutional capacity.

redeployment to Central Audit Offices. During the year, 45 Senior Audit Officers and 146 Assistant Audit Officers, who were available for redeployment, were transferred accordingly.

2.3.3 Subsuming work of F&C in RC wing

In-principle approval was accorded in April 2025 for optimal deployment of manpower across wings, envisaging transfer of excess staff from the Finance & Communication (F&C) Wing to the Report Central Wing. Consequently, the work of the F&C Wing was subsumed into the Report Central Wing in June 2025. A sanctioned strength of 512 personnel (92 Senior Audit Officers, 184 Assistant Audit Officers and 236 personnel in supporting cadres) was identified for

2.4 Forum for deliberation on Strategic issues

2.4.1 Conclave on Breaking Silos

A two-day Conclave, 'Breaking Silos – Fostering Synergies: CAG's Strategic Leadership', was held in April 2025. It brought together the Senior Management and Heads of Departments of the IA&AD, along with invited guest speakers and experts, across 13 sessions. The outcomes of the Conclave are covered under the key initiatives section of this chapter.

Figure 52: Deputy CAG (HR, IR, Coord. & Legal) during the conclave on Breaking Silos



2.4.2 Senior Management Meetings

Senior Management Meetings, previously limited to discussions at the CAG/DAI/ADAI level, have now been expanded to facilitate virtual participation by field officers, enabling their wider involvement in senior-level discussions and decision-making. This is also used as a forum to promote knowledge exchange and dissemination of best practices. Further, a separate portal is under development to track senior management decisions, and associated action points, for strengthening monitoring and follow-up.

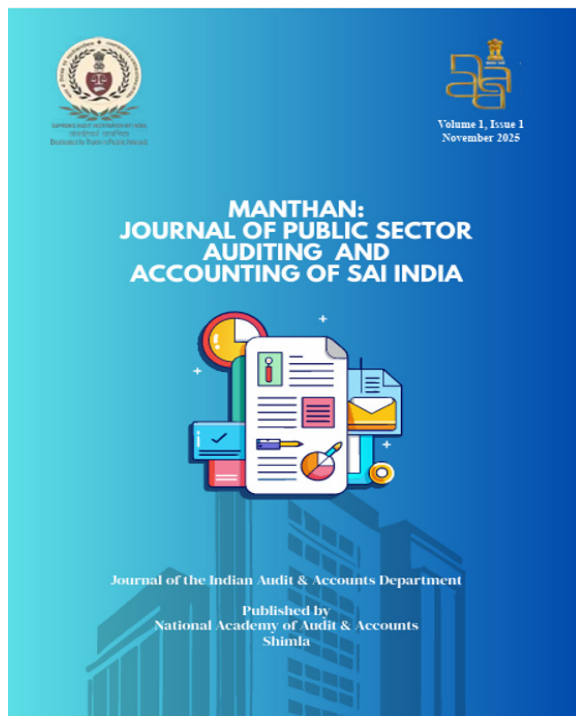
2.5 Knowledge, Skills and the Making of a Future-Ready IA&AD

Capacity building remains central to CAG's commitment to strengthening public sector auditing and accounting functions. The Knowledge and Capacity Building (K&CB) Wing of the Office of the Comptroller and Auditor General of India serves as the nodal division for planning, coordinating and delivering capacity-building initiatives across the Department. Through a network of four International Training Institutes and eleven Regional Capacity Building and Knowledge Institutes/Centres, the Wing supports professional development, domain specialisation and continuous learning for personnel across SAI India. This institutional

training ecosystem has delivered 2,197 training programmes, including in-house trainings, covering 37,636 participants across various cadres and functional domains in 2025-26.

The National Academy of Audit and Accounts (NAAA), Shimla continues to serve as the apex training institution, shaping future leaders of the IA&AS through comprehensive training programmes. In addition to its training mandate, NAAA anchors the preparation and publication of Manthan – Journal of Public Sector Auditing and Accounting of SAI India. The journal serves as a platform for dissemination of knowledge, research and emerging perspectives, reflecting IA&AD's commitment to thought leadership, professional excellence, innovation and evidence-based discourse in the domains of public sector auditing and accounting. The Centre of Excellence for Financial Audit (CoEFA), which has been established during 2025-26 for using advanced AI/ML based analytics in audit of financial data of companies and capacity building in these areas, functions as a field formation of NAAA at Hyderabad. Complementing this, CAG's international training institutions such as iCISA, iCED and iCAL deliver domain-focused training across areas including IT systems, environment, local governance and emerging technologies.

Figure 53: Inaugural edition of Manthan: Journal of Public Sector Auditing and Accounting of SAI India



Through these institutes, CAG's capacity-building efforts also extend globally through international training programmes and collaborations, strengthening its role as a Knowledge Partner for Supreme Audit Institutions worldwide. For more details on this, refer to section Going Beyond Borders: Our International Relations in section 3.3 of this report.

In the last few years, the department has taken special cognisance of the growing role of technology, and accelerated its efforts towards digital learning, competency development and future-ready skills amongst all staff. CAG has pioneered Compliance Audit of new digital platforms,

A. Engagement with IIM Kozhikode

A Memorandum of Understanding (MoU) was signed with the Indian Institute of Management Kozhikode (IIM Kozhikode) to enhance the quality, consistency and impact of performance audits undertaken by IA&AD.

Figure 54: SAP hands-on Training of IA&AD officers organised by CoEFA at NTPC, PMI, Noida



development of e-learning modules and collaboration with Institutions of National Importance (INIs) and a few Higher Education Institutions (HEIs) to enable officers across cadres to build expertise in areas like data analytics and Artificial Intelligence (AI). The institution has been focusing on continuous strengthening of institutional capacity building and professional development to deliver high-quality audits/ accounts products and enhance transparency, and good governance.

2.5.1 Specialised tie-ups with INIs and other Knowledge Partners

A major focus of CAG's capacity building initiatives has been on enhancement of traditional audit methodologies, professional competencies and integration of advanced analytical approaches into its functioning. To facilitate this, CAG entered into strategic partnerships and signed MoUs with Institutions of National Importance (INIs) and other Knowledge Partners in 2025-26, like:

The collaboration focuses on developing model frameworks for performance auditing, strengthening audit methodologies and enhancing the competencies of auditors. Further, as part of the capacity-building

initiatives, two training programmes on Leadership Coaching were conducted during 2025–26. The programmes focused on strengthening leadership and managerial

capabilities of IA&AS officers, particularly in leading audit teams and managing complex audit assignments. A total of 20 IA&AS officers were trained under these programmes during 2025–26.

B. MoU with NIUA

An MoU was signed with the National Institute of Urban Affairs (NIUA) to strengthen audit capacity in the area of urban governance. The collaboration focuses on enhancing audit methodologies relating to urban infrastructure, municipal finance and climate-resilient urban development, through curriculum development, specialised training programmes and the establishment of a Community of Practice. As part of the capacity-building initiatives, specialised programmes were conducted on the concept of “Planning for the City”,

covering key aspects of urban planning and development relevant to audit. The programmes also used practical case studies to enable officers to examine urban planning issues from an audit perspective and apply the learning to their audit assignments. A total of 134 officers engaged in urban sector audits were trained under these programmes, strengthening their understanding of urban planning and their ability to incorporate relevant aspects into audits of urban governance and service delivery.

Figure 55: Workshop on Urban Development and Governance



C. MoU with ICAI

An MoU was signed with the Institute of Chartered Accountants of India (ICAI) to strengthen capacity building in areas such as accounting and auditing standards, ERP-based auditing and cybersecurity. The collaboration focuses on enhancing professional competencies, particularly in the audit of Public Sector Undertakings and technology-enabled audit environments. During 2025-26, seven programmes (four

advanced-level and three entry-level) were conducted at ICAI's centres of excellence in Hyderabad and Jaipur, training around 350 SAOs and AAOs. A Framework Agreement was also signed between ICAI and CoEFA of NAAA in 2025-26 for capacity building, joint research, publications, and sharing of resource persons in the areas of financial auditing, under the overarching MoU between CAG of India and ICAI.

Figure 56: Capacity Building of IA&AD officers at the ICAI Centre of Excellence at Hyderabad



D. MoU with IIM Ahmedabad

An MoU was signed with the Indian Institute of Management Ahmedabad (IIM Ahmedabad) to strengthen the quality, effectiveness and impact of audits in the Power and Railways sectors. The collaboration focuses on a systematic assessment of existing audit practices and methodologies in these sectors, with a view to identifying areas for improvement. It also envisages benchmarking existing practices against global standards and leading practices to identify opportunities for strengthening audit approaches. The

collaboration will support the development of sector-specific audit methodologies that facilitate better assessment of efficiency, effectiveness, outcomes and emerging risks. It also seeks to enhance the capacity of auditors through structured knowledge sharing and exposure to contemporary management and sectoral practices. The initiative is intended to strengthen the policy relevance and impact of audit findings and enable audits to provide more meaningful insights for decision-making and improvements in sectoral governance.

E. MoU with IIM Mumbai

An MoU was signed with the Indian Institute of Management Mumbai (IIM Mumbai) to strengthen sector-specific audit capabilities and professional competencies. The collaboration focuses on specialised domains that are increasingly relevant to public sector auditing, including logistics, supply chain management, inventory management, oil and gas, and public-private partnerships (PPPs). The programmes provided officers with an understanding of sectoral business models, operational processes, financial and commercial structures, and associated risks. Training on logistics and supply chain management covered areas such as multimodal logistics, procurement, inventory and supply chain processes, enabling officers to better assess efficiency and value for money. The PPP-focused training enhanced

understanding of PPP frameworks, project structuring, procurement, contracts, risk allocation and infrastructure financing. The oil and gas sector programme provided sector-specific perspectives relevant to audit planning, financial management and operational performance. The programmes combined conceptual inputs with practical examples and case-based learning to strengthen the application of knowledge in audit assignments. Based on the learning from these programmes, participating officers have developed audit guidelines, frameworks and other practical tools to support standardised and improved audit approaches in these domains. During 2025–26, 112 officers were trained under the collaboration, contributing to enhanced domain expertise and sector-specific audit capacity.

Figure 57: Training at IIM Mumbai on Public Private Partnerships



F. MoU with CBDT

An MoU was signed with the Central Board of Direct Taxes (CBDT) to strengthen capacity building in data-driven auditing and emerging technologies. Since the goals of both institutions are aligned, the partnership is aimed at sharing audit insights based on advanced data analytics and enhancing

the use of innovative methods such as remote audits. Trainings were offered to IA&AD officials and CBDT personnel under this agreement. This is a key step towards enhancing functional capacities of both organisations.

Figure 58: MoU Signing between CAG and CBDT to strengthen capacity building in data- driven auditing



G. Collaboration with Janaagraha

The collaboration with Janaagraha is progressing across key areas aimed at strengthening municipal financial management, urban local government auditing and institutional capacity within IA&AD. A major workstream is the development of NMAM 2.0, with efforts underway to establish a contemporary, digitally enabled municipal accounting framework that enhances financial reporting, transparency and convergence with State and Union accounts. The collaboration is also working on a graded strategy for digitisation of municipal finances, including data interoperability and strengthening of digital financial management systems for different typologies of Urban Local Governments. In the area of audit, their expertise is supporting the strengthening of the Technical Guidance and Support (TGS) Practice Guide, including development of an enhanced practice guide, audit matrix and capacity-building approach for primary audit institutions. A pioneering place-based audit of large cities is underway, bringing

together audits of ULBs, parastatals and other service-delivery institutions, with a focus on outcomes relating to ease of living, ease of doing business and urban governance. This audit covers themes in a phased manner, on important areas of urban service: Mobility in 2026–27, Water and Sanitation in 2027–28, Housing in 2028–29, and Air Quality Management and Liveable Urban Environment in 2029–30.

The Audit of Mobility for 2026–27 is currently in progress, covering the mobility systems of the selected cities. The collaboration also includes strengthening the Young Professionals Programme, with Janaagraha supporting programme design, onboarding and training, mentoring and ongoing programme management. These initiatives are being complemented by efforts to build a broader ecosystem for local government auditing and accountability, including engagement with civil society and academia and sharing of knowledge and best practices.

Figure 59: National Workshop organised by iCAL in collaboration with Janaagraha on 16th September 2025 to kickstart NMAM 2.0



H. MoU with NIPFP

An MoU was signed with the National Institute of Public Finance and Policy (NIPFP) to strengthen institutional capacity and research in the areas of public finance, government accounting and fiscal reporting. The collaboration focuses on enhancing audit methodologies and analytical approaches for examining public finances, with particular emphasis on strengthening the quality and analytical depth of State Finance Audit Reports. It also envisages development of analytical frameworks in priority areas of public expenditure to support more comprehensive assessment of fiscal trends, expenditure patterns and

emerging issues. The collaboration will facilitate access to specialised knowledge and research expertise in public finance and enable greater application of contemporary analytical approaches in audit. Training programmes, workshops and forums for exchange of ideas are envisaged under the MoU to facilitate continuous professional development and knowledge sharing among IA&AD officers. The initiative is intended to strengthen the analytical capabilities of officers and contribute to more evidence-based, insightful and policy-relevant audit reporting in the area of public finance.

Figure 60: Workshop on Public Finance organised by NIPFP for researchers and teachers



I. MoU with IPAI

An MoU was signed with the Institute of Public Auditors of India (IPAI) to strengthen audit quality and evidence-based financial oversight. The collaboration focuses on research, technical support and knowledge-sharing in public financial management, auditing, public expenditure

and governance, with a view to enhancing audit methodologies and value-added audit products. Specifically, for capacity building, expertise of IPAI is being tapped for preparation of curated self-learning modules for aiding candidates appearing in the SAS examination.

- J. The GST Audit stream also made effective use of institutional partnerships for specialised capacity building. Training programmes were organised in collaboration with the National Academy of Customs, Indirect Taxes and Narcotics (NACIN) on key audit themes such as scrutiny of GST Returns (DORF Phase-III), GST Refunds, and Import and Export Trade Facilitation.
- K. The Defence Wing also undertook a broad range of capacity-building engagements with specialised institutes and establishments. An MoU was signed with MP-IDSA in March 2026 to facilitate joint research, seminars, conferences, workshops, expert exchange, publication of studies and defence-specific capacity building.
- L. At the office level, capacity building institutes and external experts were also leveraged to deepen sectoral understanding. DGA (Steel), Ranchi coordinated with the Management Training Institute of SAIL for a specialised programme on integrated steel plant operations.

2.5.2 AI/ML & high technology training

In line with the increasing use of technology in public audit, SAI India undertook targeted capacity-building measures for domains like Artificial Intelligence (AI), Machine Learning (ML) and Data Science. Programmes were

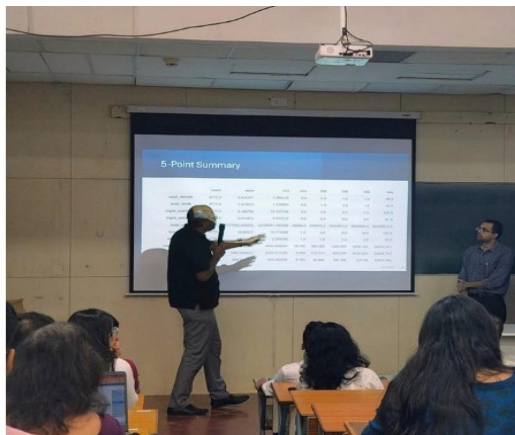
designed to ready a technology-friendly audit workforce, strengthen data-driven audit methodologies, and enhance the institution's ability to tackle evolving governance systems in their audits/ accounting. Some key activities in this regard in 2025-26 were collaborations with premier institutions including IIT Madras and IIT Delhi to design and deliver specialised training programmes in AI/ML and data analytics for audit professionals.

- MoU was signed with the Indian Institute of Technology Madras (IIT Madras) to strengthen digital capabilities within IA&AD. The collaboration focuses on research, capacity building and implementation of emerging technologies such as Artificial Intelligence, Machine Learning, cybersecurity and data analytics in public sector auditing. Under capacity building programmes, a comprehensive 9-month long certificate course in Data Science, AI, ML and Cybersecurity was launched in hybrid mode, combining theoretical learning with hands-on labs, case studies and audit-focused datasets, with three batches and a total of 468 officers in different stages of training. Further, a curated course of 360 hours was designed for the IA&AS Officer Trainees, at NAAA, Shimla for equipping young officers with these important skills. The first batch of IA&AS Officer Trainees is undergoing this training at present.

Figure 61: CAG of India felicitating the Director, IIT Madras after signing of MoU with IIT Madras for enhancing capacity building and technology integration



Figure 62: Presentation of Capstone project as part of certification course at IIT Madras on Artificial Intelligence, Data Science and Cybersecurity



- MoU was signed with the Bhaskaracharya National Institute for Space Applications and Geo-informatics (BISAG-N) to strengthen the use of geospatial technologies in public sector auditing. The collaboration focuses on geospatial analytics, remote sensing, AI/ML-enabled applications, joint research and capacity-building programmes to support data-driven and technology-enabled audits. This approach enhances audit coverage and improves evidence-based assessments by enabling centralised access to geospatial data and analytics tools. In collaboration with BISAG, 20 offices used GIS in its audit process, and 8 online sessions were conducted.
- In collaboration with IIT Madras, training programmes on “Use of AI & ML in Environment Audit and ESG” were delivered to multiple batches of officers across the institution at iCED Jaipur, during 2025-26. iCED hosted two batches with 75 participants. The initiative was further supported through e-learning modules hosted on the CAG LMS to expand outreach.
- Specialised training on data-driven auditing using AI/ML tools, including machine learning techniques, deep learning, Natural Language Processing (NLP) and generative AI applications, with practical exposure to audit-relevant tools and project-based learning was imparted at iCISA and through regional capacity building and knowledge institutes.
- A total of 250 officers have been trained in five batches in a three-day programme on Data-Driven Audit using AI-ML, conducted at IIT Delhi. The programme focused on the practical application of Artificial Intelligence and Machine Learning in audit, with training structured around real-world audit scenarios and use cases. Participants were introduced to ready-to-use, plug-and-play AI/ML tools developed for specific audit requirements and were trained in their application to audit data. The hands-on approach enabled officers to use these tools for analysing large datasets, identifying patterns and anomalies, and generating potential audit findings. The programme thus focused on moving beyond conceptual understanding of AI-ML towards its practical adoption in audit processes.

Figure 63: CAG of India with the participants on Data-Driven Audit using AI-ML, conducted at IIT Delhi



- CDMA, in collaboration with the Wadhvani Centre for Government Digital Transformation (WGDT) and iCED, Jaipur, organised a four-day training programme, “AI Champions and AI Enablers”, from 15–18 September 2025. Seventeen officers, identified as “AI Champions”, developed AI/ML-based problem statements from audit, pension and compliance functions across their offices and were paired with partner start-ups to develop working solutions. The 16 projects covered diverse applications, including document scrutiny, voucher extraction, geo-spatial audit and multilingual drafting. WGDT served as a co-convenor and capacity-building partner for the programme and was also engaged as the technical/vendor partner for two of the projects. The mature Proofs of Concept (PoCs) developed under the AI Champions and AI Enablers programme were showcased during Audit Diwas 2025, providing a demonstration of practical AI/ML applications developed to address specific institutional and audit requirements.

Figure 64: Workshop of AI Champions and Enablers at iCED, Jaipur



These MoUs and collaborations were pivotal in enabling officers to effectively leverage AI/ML and data analytics tools across the audit lifecycle, and improving capabilities in risk assessment, audit planning, data analysis and reporting.

2.5.3 Leadership training programmes

K&CB Wing revamped career milestone training courses for IA&AS officers, as detailed below:

- Leadership development programmes for two batches of senior officers

were conducted in collaboration with the Indian Institute of Management Kozhikode, where 20 such officers were trained. The programmes focused on strengthening leadership capabilities, executive coaching, mindfulness, stakeholder engagement and interpersonal effectiveness. Through a combination of interactive sessions, case discussions and experiential learning, participants were exposed to contemporary leadership practices aimed at enhancing decision-making, team management and organisational effectiveness.

Figure 65: Leadership Training organised by IIM Kozhikode



- Under the MoU signed with the Competitiveness Mindset Institute to strengthen capacity-building initiatives across IA&AD through the development of leadership, communication, behavioural and other non-cognitive competencies, training programmes have been conducted.

The collaboration focuses on enhancing professional effectiveness, managerial capabilities and leadership development across cadres. During the year, 173 IA&AS officers and 631 Sr.AO/AAOs were trained in 30 training programmes.

Figure 66: Leadership trainings to IA&AS officer trainees through collaboration with CMI



2.5.4 Fresher and mid-career training programmes

Professional development of personnel across career stages remains a core priority for the institution. To strengthen

competencies at entry, intermediate and senior levels through a mix of institutional training, domain-specific programmes and collaborative learning initiatives, structured key activities were undertaken:

Figure 67: Fresher and mid-career training programmes

 Mid-career training for IA&AS officers at career milestones <ul style="list-style-type: none"> • Executive Development Programme (EDP): (7–9 years, 17 officers, IIM Bangalore) on analytics and policy skills • Management Development Programme (MDP): (14–16 years, 20 officers, IIM Ahmedabad & NAAA) on managerial and leadership capabilities • Advanced Management Development Programme (AMDP): (26–28 years, 15 officers, ISB Hyderabad) on strategic leadership and policy competencies 	 Induction and fresher training programmes <ul style="list-style-type: none"> • Structured multi-phase induction programmes for IA&AS trainees (including SAIs like Bhutan & Maldives) by NAAA, Shimla • Across topics- public finance, auditing, commercial accounting, IT systems and governance
 Large-scale mid-career training for staff <ul style="list-style-type: none"> • Five-level Mid-Career Training Programme (MCTP) for SAOs/AOs with periodic upskilling at defined career stages. • More than 10,400 SAOs/AOs have been trained (till March 2026) 	 In-service and mid-career theme-based training programmes <ul style="list-style-type: none"> • Thematic in-service and mid-career training by NAAA, Shimla across financial audit, forensic science, and cybersecurity • 12 programmes conducted, 193 officers trained (2025–26)

The above initiatives are expected to strengthen capacity building across cadres and career stages, leading to enhanced role-based competencies and leadership readiness across career stages, for a future-ready workforce aligned with evolving governance and technology-driven audit requirements.

2.5.5 Knowledge and learning portal

The K&CB Wing is a core administrative and training division. K&CB Wing has initiated the Knowledge and Learning Portal as a key digital initiative aimed at institutionalising continuous professional development across the Department. The portal has two independent verticals, a Learning Management System (LMS) and a Centralised Knowledge Repository (CKR).

- **The Learning Management System (LMS)** was launched during Audit Diwas 2025 as a centralised,

technology-enabled platform to support structured learning, self-paced training and competency development across all levels of personnel. Specialised training programmes for officers are delivered through MoUs with eminent institutes such as IIT Madras, IIT Delhi, IIM Mumbai, IIM Ahmedabad, NIUA, ICAI, IIM Kozhikode, etc. To ensure scalability and sustained impact of these trainings, such sessions are being recorded and hosted on CAG's LMS as structured e-learning modules.

- During 2025–26, the Learning Management System accessible at <https://learning.cag.gov.in> was significantly enriched with a range of self-paced learning modules and digital training resources designed to strengthen technical, functional, sectoral and technology-enabled competencies across the Indian

Audit and Accounts Department (IA&AD). The courses support the Department's strategic focus on digital transformation, data-driven auditing, financial reporting, emerging technologies and specialised audit domains. Currently the LMS hosts 7 programmes with 116 sub-modules and 4 workshop-related resources with 20 sub-modules.

- The platform now supports multiple learning modes, including self-paced modules as well as structured courses with defined learning outcomes aligned to roles and competencies.
- The LMS enables users to access content anytime and from anywhere, thereby encouraging wider participation in training activities. It also incorporates features such as assessments, progress tracking and certification to promote structured, outcome-oriented learning.
- It is also being leveraged to revamp induction and orientation programmes, ensuring standardised, high-quality onboarding across cadres. Developed and hosted on departmental infrastructure, it is operational through a dedicated portal that ensures secure and seamless access.
- **The Central Knowledge Repository (CKR)** was developed as a centralised platform, complementing the LMS, for storing and disseminating institutional knowledge, including audit reports, manuals, policy documents, research outputs and guidance materials.
 - The repository has undergone stages of design, prototyping and testing, and is structured to facilitate efficient content

management, streamlined publication workflows and ease of retrieval.

- Plans are underway to integrate the CKR with the LMS, enabling seamless access to reference materials within training modules and creating a unified learning and knowledge ecosystem.

- **Domain-level capacity building:**

During the year, a range of capacity building initiatives were undertaken across CAG offices to strengthen accounting processes and the quality of annual accounts, modernise workflows and enhance the reliability of financial reporting. Some of the notable initiatives were:

- Defence audit offices undertook capacity-building initiatives on core accounting and pension-related systems. These included training on SPARSH Software through the Defence Pension Training Institute (DPTI), Prayagraj, training on TULIP through PCDA, Delhi and CDA, Patna, and training on the New Compilation System (NCS) through CDA, Patna, CGDA Office and CGDA Officers Institute, Gurugram.
- A workshop on the "Journey of Vouchers" was held at the Office of PCDA Dehradun, which sought to enhance audit effectiveness by improving understanding of voucher flow, processing stages and audit trail.
- Recognising the complexities of procurement and inventory management in Indian Railways, the RCB&KI, Kolkata conducted a structured five-day All India Training Programme on audit of Railway Stores in January 2025. The programme covered critical areas such as procurement systems, stores accounting, inventory

management, and IT-enabled materials management platforms, including the Indian Railways e-Procurement System (IREPS) and Materials Management Information System (MMIS). These trainings strengthened domain expertise in high-risk operational areas and enhanced capacity to evaluate digital systems and controls in railways.

- Capacity-building efforts were also reinforced through practical, field-level innovations. These were complemented by initiatives in AI-enabled data extraction, risk-based audit planning, pension analytics, and data-led audit methodologies. During 2025-26, workshops on OCR, Python-based data extraction and anomaly detection were conducted; AI-powered audit tools and proof-of-concepts were developed and tested on large transaction datasets; regional data-led audit workshops were organised for wider replication; and digital tools, including no-code analytics utilities and intelligent data-processing solutions using LLMs, were developed. Together, these efforts demonstrated the effective use of digital technologies and scalable audit methodologies across the Department. Taken together, these developments

contributed to a more robust, transparent and future-ready accounting environment across CAG offices.

Overall, these initiatives have already started showing outcomes such as:

- A shift towards a more structured, accessible and technology-driven learning and knowledge ecosystem within IA&AD.
- Standardised and wider-reaching training, supporting continuous upskilling and more consistent learning outcomes.
- Integrated learning and knowledge-sharing systems, improving access to best practices, institutional memory and participation through flexible learning options.

2.5.6 Integration of certified e-learning programmes into capacity building strategy

To upskill a large and geographically dispersed workforce and create knowledge dissemination forums that are accessible across offices, CAG has been focusing on leveraging digital platforms to do so. In tandem, the Knowledge & Capacity Building (K&CB) Wing has undertaken some key activities to promote scalable, accessible and competency-based learning across levels of the organisation:

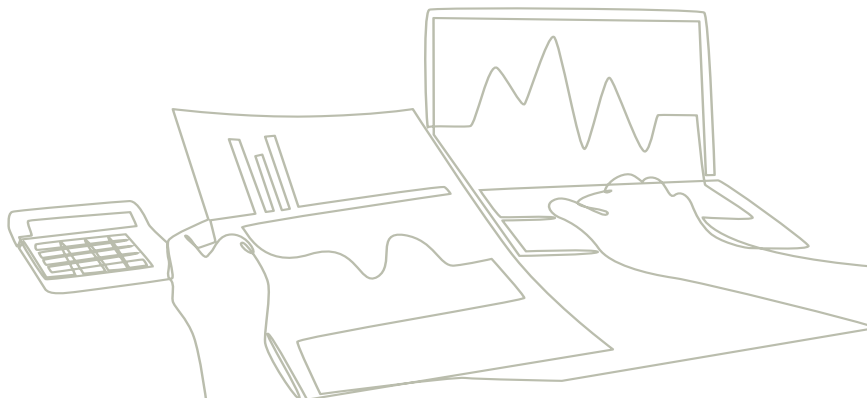
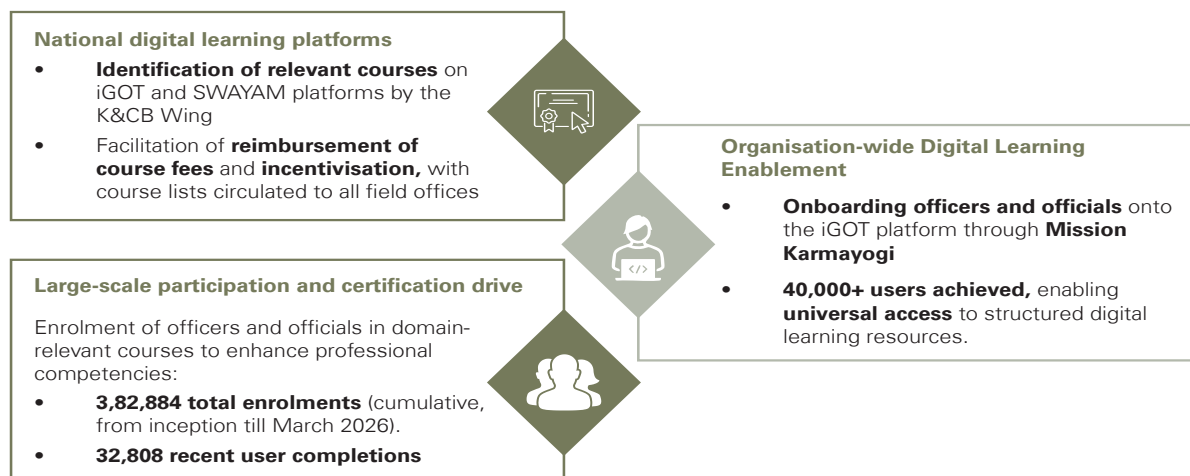


Figure 68: Knowledge portal and certifications



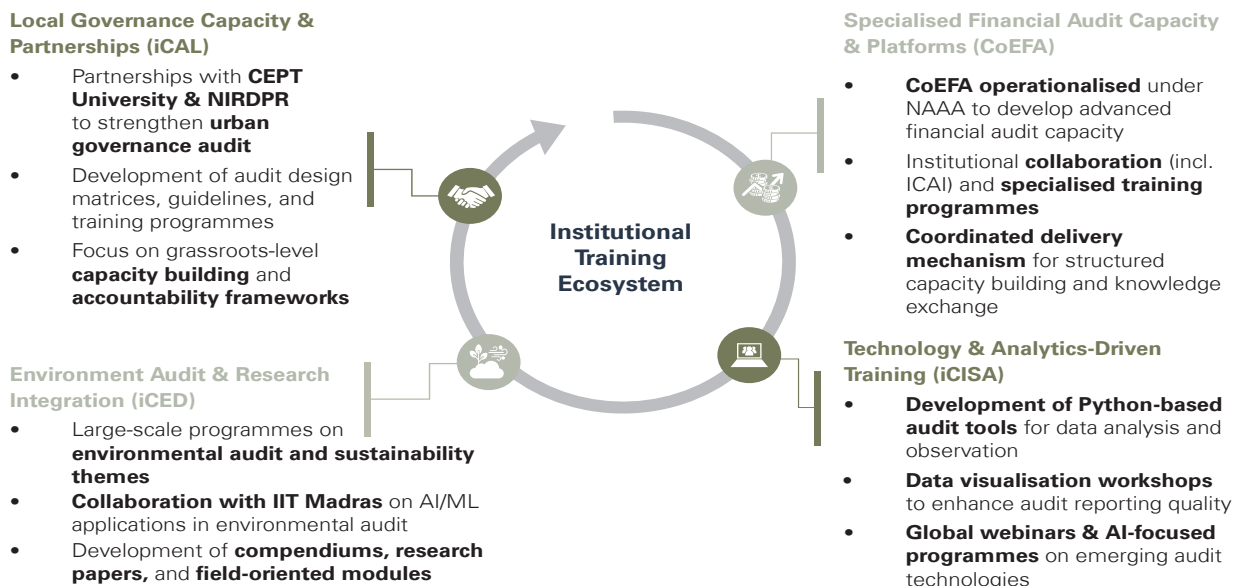
The key expected outcome of the aforementioned initiatives is the upgradation of technical competency, managerial skills, and social and leadership skills at all levels.

2.5.7 Strengthening Institutional Training Ecosystem- NAAA along with CoEFA, iCISA, iCED, iCAL, and HEIs

CAG has focused on reinforcing its capacity-building ecosystem through its specialised

training institutions. During 2025-26, emphasis was placed on expanding domain-specific learning, integrating emerging technologies, and developing structured knowledge frameworks. Some of the key activities undertaken were:

Figure 69: Activities within the institutional training ecosystem



*ICAI: Institute of Chartered Accountants of India; NAAA: National Academy of Audit and Accounts; NIRDPR: National Institute of Rural Development and Panchayati Raj

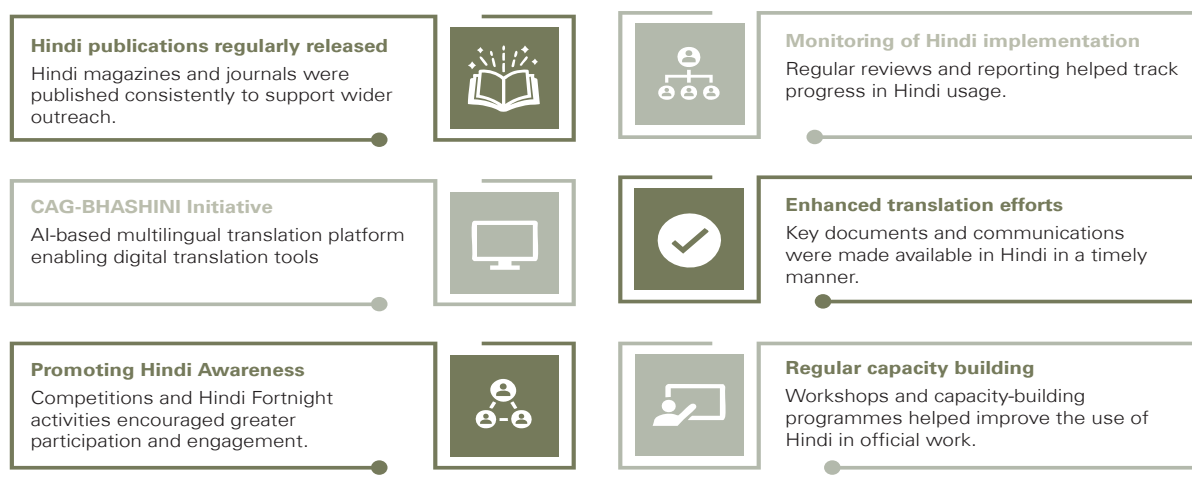
These activities are expected to result in the following outcomes:

- Strengthening of application-oriented trainings.
- Alignment of learning outcomes with evolving audit / accounting requirements.
- Improved integration of technology, analytics and research into audit processes, enabling an agile, future-ready institution.

2.5.8 Efforts to promote *Rajbhasha*

CAG of India made efforts to promote the use of the Official Language (*Rajbhasha*) across SAI India, enhancing compliance with statutory requirements, and encouraging wider adoption of *Rajbhasha* in official work. These efforts were seen in interventions like:

Figure 70: Core elements of *Rajbhasha* promotion across IA&AD



As part of promoting multilingual communication and *Rajbhasha* usage, CAG of India signed an MoU on 10 November 2025 with the Digital India Bhashini Division (DIBD) to implement the **CAG-BHASHINI** platform, an AI-based multilingual translation ecosystem.

The platform, beginning with the Anuvaad (translation) module, is being rolled out in phases with additional capabilities such as speech-to-text, document and video translation. Key enabling measures include

single sign-on, dashboards, SOPs and designated SPOCs across Headquarters and field offices to support adoption.

A specialised CAG-BHASHINI glossary (11,685 terms) has been developed using AI to ensure consistency in official terminology. Extensive training, workshops and feedback mechanisms have been undertaken to promote usage. The platform is currently under rollout and is expected to be fully operational by September 2026.

The key outcomes from these initiatives can already be seen:

- Increased adoption of Hindi across Headquarters and field offices, supported by digital and AI-enabled platforms.
- Greater administrative efficiency, employee engagement and institutionalisation of Rajbhasha within CAG.

2.5.9 Development and dissemination of guidance documents

To facilitate a robust and cohesive organisational workflow, the year 2025-26 saw release of several guidances; these were disseminated to create institutional movement towards streamlined understanding and working. Some of the key ones included:

A. Institutionalising the Identification and Dissemination of Best Practices

To promote institutional learning and strengthen the value of audit insights, a Standard Operating Procedure (SoP) was developed in 2025 to institutionalise the identification, vetting and dissemination of best practices observed by field offices of the IA&AD during audits and treasury inspections. The initiative establishes a structured mechanism for documenting innovative and effective practices, supported by verifiable audit evidence and assessed for their relevance, effectiveness and replicability. Approved practices are disseminated through the CAG Learning and

Knowledge Portal and compiled in an Annual Compendium of Best Practices, enabling wider knowledge sharing within IA&AD and facilitating the adoption of effective practices across similarly placed government entities.

By creating a formal mechanism for capturing and disseminating such practices, the initiative seeks to strengthen knowledge sharing within the Department and encourages wider adoption of efficient and transparent administrative practices across government entities.

B. Strengthening Audit Architecture for Greater Accountability

The CAG's State Finances Audit Reports (SFAR) provides an independent assessment of a State's financial management. SFARs provide a structured analysis of how States raise, manage and utilise public funds – enabling legislatures and citizens to understand the fiscal position of States. Recognising the need to enhance the analytical depth, clarity and policy relevance of these reports, SAI India, in 2025-26, restructured the SFAR framework. A consultative and iterative approach was adopted for this, consolidating over 150 suggestions from high-level stakeholders, and detailed discussions during joint workshops. This exercise culminated in the adoption of the New Model SFAR along with a Guidance Note that was released in August 2025.

The revised framework aimed at improving usability of audit findings for stakeholders and supporting evidence-based oversight. The key improvements introduced in the New Model SFAR, include:

- Restructuring of report into streamlined three-chapter format.
- Introduction of standardised formats and Standard Operating Procedures (SOPs).
- Stronger analytical components, i.e., guarantees analysis, outcome-linked evaluation, fiscal risk assessment included in SFAR.
- Visual and digital enhancements for improved readability and accessibility.

C. Issuance of SoP for Data-led Establishment Audit

During 2025-26, CAG issued an SOP for Data-led Establishment Audit to strengthen audit scrutiny of establishment expenditure, comprising salaries, pensions and related employee benefits.

- The SoP provides a structured framework for using digitised data available through IFMS, e-HRMS, e-Pension and allied systems to move establishment audit from conventional sample-based verification towards risk-based and evidence-driven analysis of entire datasets.
- It lays down procedures for data acquisition, cleaning, integration, feature engineering, rule-based

checks and algorithm-based anomaly detection. The SOP guides audit offices in identifying red flags such as duplicate payments, ghost employees or pensioners, salary drawal after retirement or death, identity duplication, pay-scale violations, allowance irregularities and pension-related anomalies.

- The SoP also emphasises targeted field verification of flagged cases and clarifies responsibility centres for Audit Offices, A&E Offices, RCB&KIs, State Finance Departments and NIC, thereby providing a practical institutional roadmap for implementing data-led establishment audit across States.

D. Issuance of SoP on Data-Driven Compliance Audit in the Social Sector

CAG also developed an SOP on 'Data-Driven Compliance Audit in the Social Sector', recognising the rapid expansion of welfare-oriented schemes delivered through Direct Benefit Transfer (DBT) mechanisms that depend on large beneficiary databases.

- The SoP provides a practical framework for integrating data analytics with field audit in beneficiary-oriented schemes such as scholarships, pensions, girl-child welfare, disability assistance and other social protection programmes.
- It sets out a layered data architecture comprising internal financial data, scheme-specific operational data and cross-verification data such as income and caste certificates, education records, disability certificates, bank details and social census datasets.
- This framework enables audit teams to test data integrity, detect duplication, verify eligibility, identify misuse of identities and prioritise high-risk

beneficiaries, geographies, DDOs and institutions for audit coverage.

- A significant feature of the SoP is its emphasis on making data analytics accessible to field audit teams. It explains the use of SQL, PostgreSQL, Jupyter, Python and AI-assisted query support for analysing large datasets, while clearly cautioning that confidential government or audit data should not be uploaded to external AI platforms.
- The SoP details standardised audit design matrices for beneficiary-based schemes, scheme-specific checks for programmes such as Kanya Sumangala and scholarship schemes, composite risk scoring for selection of audit units, and structured field verification toolkits. It further provides a reporting and recommendations framework that consolidates issue-based findings, region-specific patterns and root-cause analysis into actionable recommendations.

E. Issuance of SoP for Remote-Hybrid Audit of Public Works

Public works involve substantial public expenditure and complex project lifecycles spanning estimation, tendering, execution, billing, completion and the defect liability period. An SoP was issued to streamline remote-hybrid audits of Public Works.

- The SoP responds to the limitations of conventional unit-centric and sample-based works audit by providing a data-led, risk-based framework. With technology enablement, the framework integrates financial, accounting, tendering, engineering and external datasets.
- It sets out both a 'Base Model', using readily available datasets such as VLC, monthly public works accounts and IFMS data, and an 'Advanced Model', which incorporates e-procurement, Works and Accounts Management Information System (WAMIS), GST,

mining, Parivahan and other external data sources for deeper analysis.

- The SoP also disseminates important in-house innovations developed within the Department, including AuditWise⁴ an AI-enabled audit analytics platform developed by the Office of the Accountant General (Audit), Uttarakhand, and the Irrigation Intelligent Data Management System (IIDMS) developed by the Office of the Principal Accountant General (Audit-I), Uttar Pradesh.
- By linking remote analysis, field validation, departmental reporting and feedback into analytical models, the SoP marks a transition from periodic, exploratory works audit to a more dynamic model of systemic risk assurance.

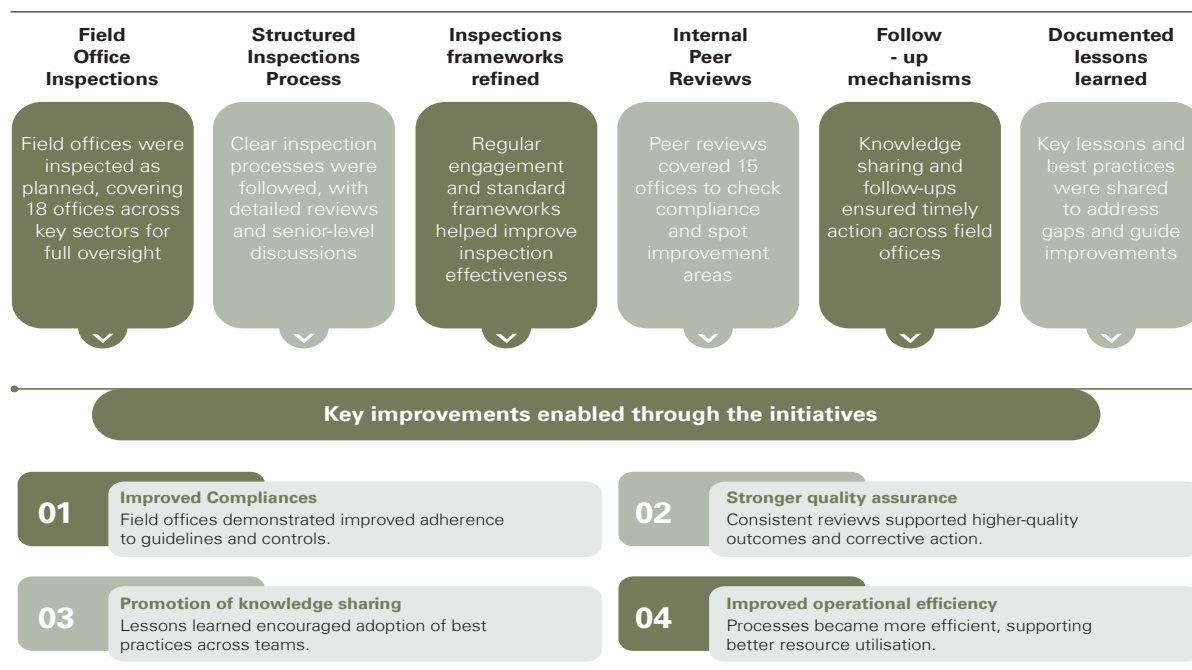
2.5.10 Internal Controls and Quality Assessment

The Inspection and Peer Review (I&PR) Wing plays a critical role in strengthening internal controls and quality assurance across SAI India by conducting inspections and peer reviews of field offices. The wing provides independent oversight to ensure compliance with professional standards

and administrative instructions, and also identifies systemic gaps, and facilitates corrective action. The Wing also looks into knowledge sharing for continuous improvement in audit and accounts functions, with series of targeted oversight and review activities undertaken:

⁴ Instances of AuditWise usage are covered under section 2.1.1.

Figure 71: Core initiatives of control and quality assessments across SAI India



2.5.11 Revamped Training Strategy and Competency Framework

SAI India is in the process of revamping the strategy for planning and delivery of training across its capacity building institutes.

- A comprehensive training strategy has been formulated to establish a domain-driven and continuous capacity-building ecosystem aligned with evolving audit needs.
- A structured competency assessment mechanism is being developed to periodically evaluate skill gaps and make targeted capacity-building interventions across cadres.
- Institutional training architecture is being strengthened through restructuring RCBKIs/Cs into sector-specific knowledge centres, with International Training Institutes functioning as centres of excellence for cross-cutting domains.
- Standardised training mandates have been proposed, including targeted 50 hours of annual training per employee, delivered through a combination of classroom and digital learning platforms (LMS/iGOT).
- Training programmes are being aligned with audit plans, organisational priorities and emerging areas such as data analytics, AI and risk-based auditing, with emphasis on case-based learning, peer exchange and simulations.
- Monitoring and delivery mechanisms are being enhanced through a three-tier tracking system, optimal allocation of training days, and adoption of a hybrid faculty model involving internal and external experts.

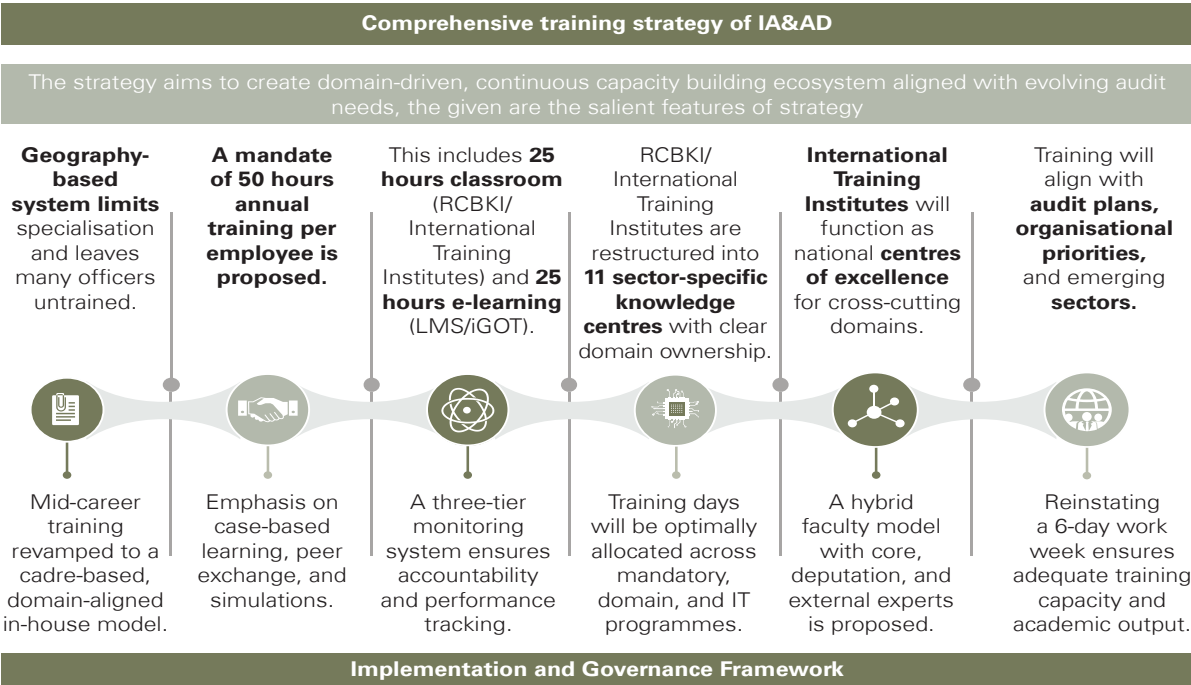
The outcomes expected from this are:

- Aligned training systems and competency frameworks, supporting

wider training coverage, skill development and more efficient workforce planning and deployment across functional areas.

- Greater organisational agility and professional effectiveness in responding to evolving audit and governance challenges.

Figure 72: Revamped training strategy



*RCBKI: Regional Capacity Building and Knowledge Institutes; iGOT: Integrated Government Online Training

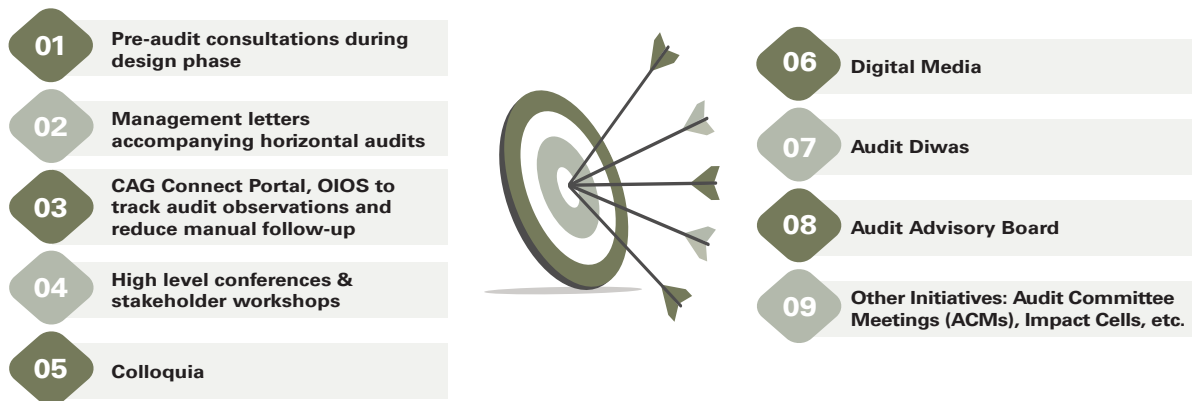
Further, the organisation is developing a comprehensive Competency Framework to provide a structured approach for defining, assessing and enhancing skills across all levels of personnel. The competency framework identifies core, functional and leadership competencies aligned with the Department’s evolving mandate in a technology-driven audit environment. It is designed to standardise capability expectations, enable role clarity and support continuous professional development across the organisation.

2.6 Enhanced stakeholder engagement

Historically, CAG’s external engagement was primarily through the constitutional cycle

of tabling Audit Reports in Parliament and State Legislatures, followed by examination by the Public Accounts Committee (PAC) and Committee on Public Undertakings (CoPU). This included 732 meetings of PACs and CoPUs held during the year, discussing 1,297 audit reports and audit paragraphs and resulting in the issuance of 151 PAC/ CoPU reports. Engagement with ministries has largely been via formal communication on audit findings through legislative and executive mechanisms, with 2,485 Action Taken Notes (ATNs) relating to audit reports and audit paragraphs being settled. The year 2025-26, also marked a decisive pivot of institutionalising stakeholder outreach and engagement beyond these formal forums, to pursue a multi-channel engagement strategy:

Figure 73: Initiatives adopted by CAG to engage stakeholders before, during, and after audit



*OIOS: One IAAD One System

2.6.1 Pre-audit consultations during design phase and high-level conferences

Pre-audit consultations were undertaken during the design phase to strengthen early engagement with Ministries, Departments, PSUs and other audited entities, and to ensure that audit planning remained closely aligned with sectoral priorities and emerging risks.

During 2025-26, the office of the CAG organised a series of high-level conferences and consultations with key stakeholders across government, the public sector, and civil society. These forums served to align audit priorities with national policy imperatives, disseminate findings and good practices, and deepen collaborative engagement with auditee entities and regulatory bodies.

A. Pre-audit consultations by Defence Audit wing

A notable example was the Defence Audit Wing's structured engagement with key stakeholders (including policymakers, defence services, audited entities, industry representatives and subject matter experts).

The Wing undertook several initiatives aimed at enhancing domain understanding, strengthening relevance and aligning audit themes with strategic priorities of the Ministry of Defence (MoD).



Case Study

Pre-audit consultations with policymakers and industry experts in Defence Audit

- ✓ **Strategic Approach:** The Defence Wing identified five focus areas as part of a Perspective Audit Plan. These were:

- Self-Reliance,
- Sustenance,
- Welfare of Service Personnel,
- Infrastructure,
- Technology Roadmap.

These areas, along with proposed audit topics, were shared with Secretaries of MoD Departments and the Chiefs of Army, Navy and Air Force, seeking inputs on their relevance and alignment with future defence priorities. The focus areas were subsequently endorsed by the Chief of Defence Staff (CDS).

- ✓ **Enhanced Stakeholder Engagement:** The audit approach was reinforced through structured consultations with MoD, Service Headquarters, DRDO and the Defence Accounts Department; thematic sessions with senior policymakers, including the Secretaries of DRDO and Defence Production and the DG of Defence Estates; industry consultations with SIDM and CII on issues such as EoDB in defence; engagements with Defence PSUs (HAL, BEL, BEML, BDL, MIDHANI), pension authorities, ordnance factory and shipyard Defence PSUs, and MSME representatives; and expert workshops on emerging areas such as defence R&D, indigenisation, procurement and the SPARSH pension system.

Figure 74: CAG during an interactive session with the defence industry



These engagements yielded actionable insights that directly influenced audit planning and execution. New audit topics, such as the “Outcome of R&D Projects assigned to academic institutions during last ten years by DRDO”, and audit scope for planned audits like EoDB in Defence and

SPARSH pension systems were identified based on stakeholder inputs during interactions. Constructive engagement with stakeholders improved acceptance of audit recommendations, and greater clarity emerged on sector-specific risks.

Figure 75: Deputy CAG (Defence) during interactive session with Defence Shipyards, PSUs and others



Similar exercises were also undertaken for pre-audit consultations by Railway Audit Wing and related to other thematic audits.

B. National Conference of State Secretaries on Local Governments

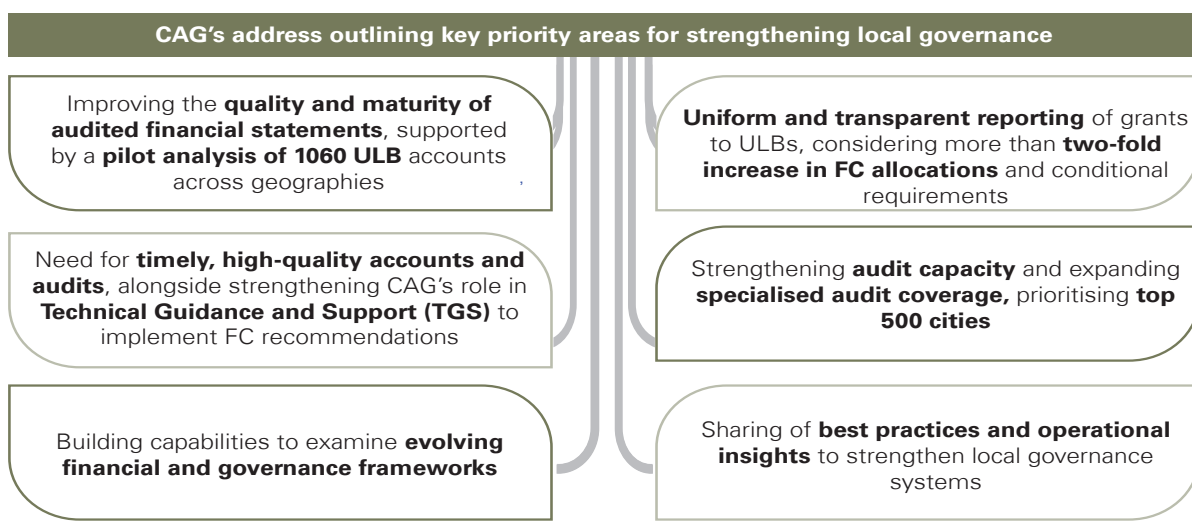
A National Conference of State Secretaries on Local Governments was organised in March 2026. The conference served as a platform to bring together key stakeholders, including State Governments, Central

Ministries and audit authorities, to deliberate on systemic challenges in local body finances, accounting practices and audit frameworks.



The CAG outlined key priority areas requiring focused audit attention and systemic strengthening of local governance:

Figure 76: Key priority areas outlined by CAG in the LGA Conference



*FC: Finance Commission; ULB: Urban Local Bodies

The conference is expected to drive a coordinated multi-stakeholder approach aligned with audit, policy and governance priorities (particularly for Finance

Commission recommendations), supporting greater transparency and accountability in local governance.

C. National Conference on Power Sector

A National Conference on the Power Sector was organised on 23 February 2026. Participants included the Union Power Secretary, Secretaries of State Power Departments, the Chairperson of the Central Electricity Regulatory Commission, the Chairperson of the Central Electricity Authority, and CMDs of NTPC, NHPC, SECI, PFC, Grid-India, and PGCIL, along with CMDs and MDs of selected State Power Generation, Transmission, and Distribution PSUs. The conference aimed to identify

innovative audit approaches for the power sector, drawing on collective stakeholder experience and best practices. The outcomes of the conference included the announcement of a comprehensive multi-year power sector audit plan. Value-chain audits have been planned for 2026-27 to prepare the ground for deeper examination of distribution-related issues, including DISCOM performance, reliability and quality of supply.

D. Stakeholder Consultation on audit of Multi-Modal Transport and Logistics Initiatives

On 21 November 2025, the Railway Audit Wing of the CAG announced the launch of an integrated audit of Multi-Modal Transport and Logistics Initiatives by Indian Railways, with a particular focus on first-mile/last-mile connectivity with logistics hubs and origin-destination pairs. A wide-ranging

stakeholder consultation process was undertaken prior to framing audit design, involving the Chairman and Members of the Railway Board, CMDs and MDs of logistics-related PSUs, heads of Port Authorities, and public and private freight and terminal operators.

E. Pan-India Horizontal Performance Audit on Ease of Doing Business for MSMEs

CAG announced a pan-India horizontal performance audit on Ease of Doing Business in the MSME sector in November 2025. The audit design was shaped through consultations with industry bodies including

FICCI, CII, ASSOCHAM, FISME, FOSMI, FASII and PHDCCI, as well as with the Ministry of MSME, Government of India, and the Department of MSME, Government of West Bengal.

F. Conference of State Finance Secretaries

The second Conference of State Finance Secretaries was convened on 19 September 2025 with participation from the Ministry of Finance, Finance Secretaries of all States, the Controller General of Accounts, the Controller General of Defence Accounts and representatives of the Reserve Bank of India. Approximately 200 delegates attended

the full-day event, which comprised four technical sessions. The conference aimed to foster convergence across budgeting, accounting and auditing functions, and align State-level reforms with national fiscal priorities through greater use of technology, data integration and dissemination of best practices.

G. Workshop on “Ease of Doing Business for Taxpayers in India”

A workshop on stakeholders’ engagement for audit on “Ease of Doing Business for Taxpayers in India” was organised by the Direct Tax Wing at Headquarters on 5 January 2026. The issues and constraints faced by the audit teams, and the way forward for completing the audit, were

discussed with the HoDs of the field audit offices. Further, members from ICAI, FICCI and other direct tax experts participated in the meeting, sharing their insights on the pain points and issues faced by taxpayers in complying with the extant provisions of direct tax law.

H. Dr. B. R. Ambedkar Memorial Lecture Series

The Office of the CAG also organised lectures under the Dr. B. R. Ambedkar Memorial Lecture Series, bringing together eminent speakers and stakeholders to deliberate on issues of public policy, governance, accountability and institutional

development. The lecture series served as a platform for intellectual engagement and exchange of ideas on themes of contemporary relevance to public administration and public audit.

Figure 77: A session by Shri Kris Gopalakrishnan, Co-founder of Infosys on Technology and National Development



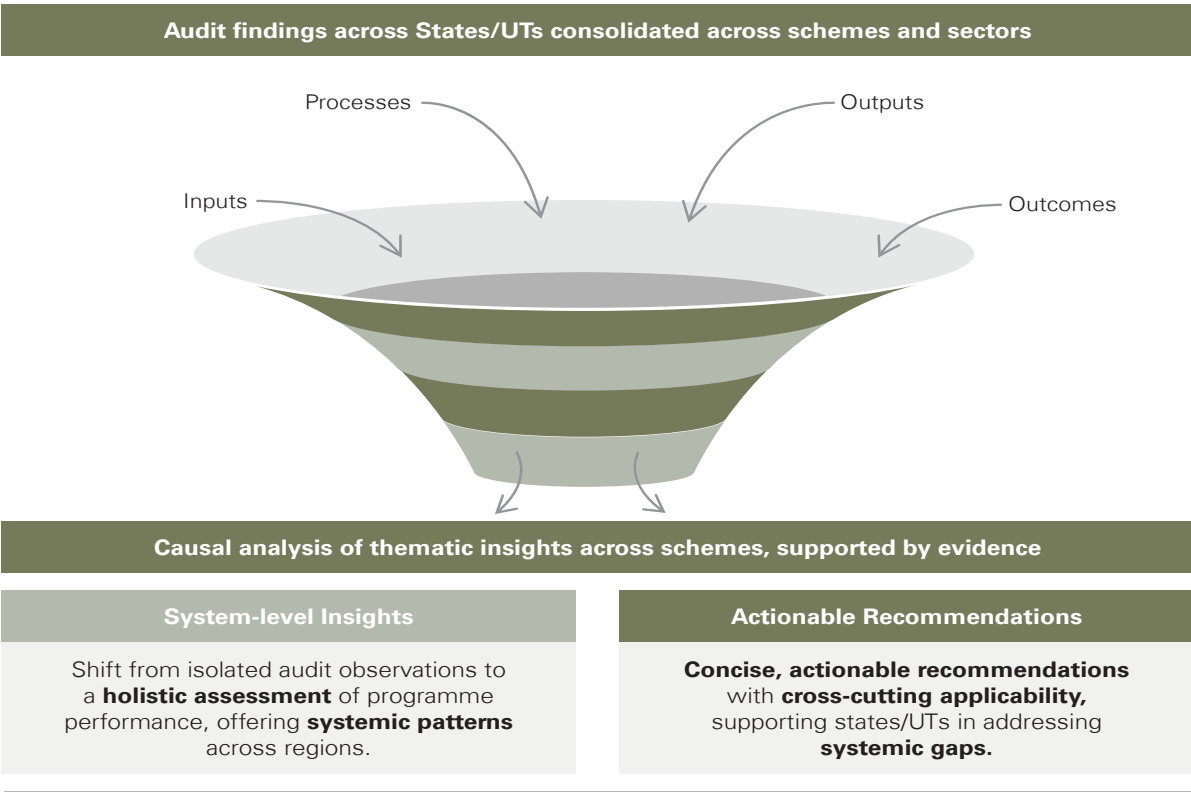
2.6.2 Management Letters

A pivotal value-added product developed by the institution of the CAG was the Management Letter, targeted at State and Union Ministries/Departments. These letters were created to succinctly present key audit findings including main areas of achievement and improvement across States for each audit sector.

These “Management Letters” (MLs) served as a complementary tool, offering a

holistic view of the findings, progress, root causes and made CAG a key assurance partner for States, advising them on recommended next steps to improve upon performance in delivering public duty across sectors. This product aimed at moving beyond siloed reporting towards value-added, complementary products that enhance actual impact, enable comparability across domains/ States, and provide recommendations for Union and State governments to quickly strengthen accountability and process improvements.

Figure 78: Process flow of drafting Management Letters



During the year, Management Letters were issued on:

- Information Systems Audit of e-Procurement Systems across States: focused on strengthening digital public procurement systems through improvements in governance

frameworks, controls, transparency and end-to-end digitisation.

- Implementation of Integrated Financial Management Systems (IFMS) and Way Forward: examined the maturity of digital public financial management systems, highlighting opportunities for

greater automation, interoperability, cybersecurity and data-driven financial governance.

- Status of Welfare of Building and Other Construction Workers (BOCW) and Way Forward: assessed the effectiveness of construction worker welfare frameworks, covering registration, cess collection, welfare benefits, health and safety provisions and institutional governance, while outlining measures for improving outreach and service delivery to beneficiaries.

These letters synthesised audit findings from multiple States to assess sectoral progress, identify systemic governance and implementation challenges, highlight good practices and provide practical recommendations for strengthening

institutional effectiveness, digital transformation, service delivery and beneficiary outcomes.

The adoption and scaling of MLs is expected to highlight variations in implementation maturity, institutional capacity and process effectiveness across States/UTs, while strengthening CAG's role as an assurance partner through integrated sector-level insights and positioning SAI India as a data-driven and forward-looking audit ecosystem.

2.6.3 CAG-ICSSR Colloquium Series

To foster synergy between audit, academia and public policy, CAG, in collaboration with the Indian Council of Social Science Research (ICSSR), launched a year-long national colloquium series on audit, fiscal governance and accountability (November 2025 to November 2026).

Figure 79: CAG-ICSSR Colloquium Series

The initiative comprises two major components:

01

A series of State-level colloquia are being held across States and Union Territories through the respective PAG/AG offices in coordination with ICSSR

- During 2025-26, **Six colloquia successfully conducted** in the States of Delhi, Maharashtra, Telangana, Punjab, Assam, Manipur and one by the Government Accounts wing
- Focus on **State Finance Audit Reports (SFARs)** and other State-specific themes.
- **Presentations by CAG officers** on systemic gaps in financial management
- **Inputs from eminent speakers** from academia linking audit insights with macroeconomic outcomes, equity and public policy

02

Launch of a **Research Article Competition** encouraging students to analyse audit findings and governance issues

- Competition at **both National and State level**
- Open to **Undergraduate, Post-Graduate and Doctoral** students across the country
- Winners for National-level to be **announced on Audit Diwas 2026**

Altogether 31 colloquia will be held across 28 States and 3 UTs, linking audit findings

with fiscal governance, research and evidence-based policymaking.

Figure 80: First CAG-ICSSR Colloquium



Figure 81: Second CAG-ICSSR Colloquium attended by Vice Chairman, NITI Aayog and Member, XV Finance Commission



The colloquium series is expected to develop a sustained knowledge ecosystem linking audit, research, and governance via continued dialogue and exchange of ideas. It is expected to lead to deepened use of audited fiscal data in research and policymaking, supporting evidence-based analysis of public finances, expenditure and institutional performance.

2.6.4 Advancing excellence and setting strategic direction with Audit Diwas and 32nd Accountants General Conference

Held in November 2025, the Audit Diwas and the Accountants General (AsG) Conference

served as key institutional platforms for commemorating the legacy of public audit while shaping the strategic direction of SAI India in a dynamic governance environment.

- Audit Diwas was celebrated on 16th November 2025 and the 32nd AsG Conference was held on 17th and 18th November 2025, in continuation of Audit Diwas. The occasions provided a forum for the senior functionaries of SAI India to deliberate on key strategic issues related to governance and public accountability.

Figure 82: CAG welcoming the Hon'ble Vice-President of India on Audit Diwas 2025



- While the Audit Diwas highlighted institutional achievements and outreach, the AsG Conference provided an enabling forum for CAG's trajectory-setting in the face of emerging challenges and global best practices. The overarching theme of the 32nd AsG Conference was 'Leading Change & Reaffirming Values: Trust, Innovation, Sustainability, Accountability'. The Conference focused on advancing data-driven and AI-enabled audit methodologies, strengthening financial and local government audits, institutionalising audit impact assessment, and aligning audit processes with emerging priorities such as sustainability and digital transformation. Deliberations also highlighted capacity building, innovation, knowledge sharing and organisational effectiveness.
- The thematic discussions in the Audit Diwas translated the Conference agenda into actionable directions. For Autonomous Bodies, emphasis was placed on risk-based oversight,

updated audit guidance and stronger monitoring arrangements. The ESG deliberations called for sustainability considerations to be integrated into audit planning, supported by capacity building and cross-sectoral coordination. Compliance audit discussions focused on more systemic, risk-based and technology-enabled approaches, including remote

and hybrid auditing. For the Divisional Accountant cadre, the Conference recommended strengthening its role in works audit and data-intensive functions through research, training and clearer role definition. Collectively, these recommendations provided a framework for more specialised, technology-enabled and outcome-oriented audit.

Figure 83: Core activities and key takeaways from 5th Audit Diwas and 32nd AsG Conference in November 2025



These strategic deliberations provided a roadmap towards technology-enabled, data-driven and future-ready auditing. These forums also reinforced institutional values while positioning SAI India’s capacity to respond to evolving governance challenges.

2.6.5 Audit Advisory Board of CAG of India

The Audit Advisory Board (AAB) acts as a strategic advisor to the CAG of India in enhancing the effectiveness, scope and

focus of audit. It comprises eminent external experts from diverse fields and Deputy CAGs (ex-officio). This Board is reconstituted every two years and suggests improvements in the performance and focus of audit within the framework of Constitutional mandate of the CAG. The 12th AAB, constituted in July 2025 (biennium 2025-27), held strategic deliberations in two meetings during 2025-26, covering the following thematic areas:

Figure 84: Themes covered during 12th Audit Advisory Board meetings in 2025-26



The Board also provided valuable inputs for further strengthening audit methodologies and identifying priority areas in public sector auditing.

2.6.6 State Audit Advisory Boards

Audit Advisory Boards in States enhance the effectiveness of audits under the chairpersonship of Principal Accountants General/Accountants General of Audit Offices. Other Accountants General in the States are ex-officio members of the Board, and external members are nominated from

amongst eminent academicians, subject matter experts and retired civil servants.

2.6.7 Other initiatives

In addition to formal stakeholder interfaces, SAI India undertook a range of initiatives during the year to strengthen engagement, communication and follow-up. These included Audit Committee Meetings (ACMs) for structured discussion of audit observations and Impact Cells to track outcomes arising from audit findings.

A. Stakeholder engagement in States

A Stakeholder Engagement Conclave was held in Punjab in June 2025 to strengthen engagement with government departments and legislators, who are key users of audit reports. The conclave was attended by PAC/CoPU members, Punjab Vidhan Sabha officials, senior Government of

Punjab officers, and representatives of the CAG. Panel discussions focused on “Audit Reports as Catalysts for Good Governance” and “Pressing Environmental Concerns in Punjab and the Role of Audit.” Following the conclave, a marked increase was observed in the discussion of audit reports.

Figure 85: Dy. CAG (NR) with the Hon'ble Chairman of PAC and of CoPU



B. Audit Committee Meetings (ACMs)

Audit Committee Meetings (ACMs) continued to serve as an important forum for structured engagement between audit offices and audited entities during the year. These meetings provided an opportunity

to discuss audit observations in a focused manner, clarify factual positions, and facilitate early resolution of issues before they progress further in the audit cycle. Through ACMs, entry and exit conferences

and discussions on outstanding audit observations, audit offices improved the responsiveness of audited entities and strengthened follow-up on audit findings. Stakeholder engagements were also used to identify operational challenges, procedural bottlenecks and emerging risk areas to support more effective and evidence-based audits.

- During the year, the Office of the Director General of Audit, Central Expenditure, Delhi, held wide interactions with Ministries, Departments, Central Autonomous Bodies, PSUs and other audited entities. These engagements included discussions on audit observations, outstanding paragraphs, risk areas and audit findings, enabling timely responses and constructive dialogue with management.

- ACMs also contributed significantly to the settlement of outstanding audit observations. In GST Audit, ACMs conducted by Chennai and Kochi offices discussed 414 audit paragraphs, of which 229 were proposed for settlement. Similarly, ACMs conducted by Agriculture, Food and Water Resources audit offices discussed 201 audit paragraphs, resulting in the settlement of 146 paragraphs.

Overall, interaction with Ministries, Departments and PSUs in 2025-26 increasingly moved beyond routine correspondence and assumed the form of collaborative, continuous engagement. This contributed to tangible outcomes in the form of quicker settlement of paras, timely finalisation of accounts, and collaborative consensus on better tracking of audit observations through CAG Connect.

C. Engagement through Impact Cells

Impact Cells were set up across offices to ensure that audit findings do not remain limited to reports but are followed through till actual action is taken. The focus is on tracking outcomes such as recoveries, changes in systems, and improvements in service delivery. This will bring consistency in how impact is identified and documented. The specific workflow steps undertaken by the impact cell are:

- Impact Cells actively track audit observations and follow up with departments on action taken.

- Management Letters are issued to highlight key issues and suggest corrective actions.
- Impact is recorded in terms of policy changes, recoveries, and improvements in systems.
- Cases involving serious irregularities are referred to enforcement agencies and followed up.

By maintaining continuous engagement, the impact cell realised following outcomes:

Figure 86: Outcomes achieved through impact cell network



Figure 87: Functional framework demonstrating effectiveness of the AIC in Madhya Pradesh

A case study of Audit Impact Cell from Madhya Pradesh



Background & Purpose

The Audit Impact Cell (AIC) was set up under the Office of the Principal Accountant General (Audit-I), Madhya Pradesh, to strengthen follow-up and impact of audit findings by driving policy improvements, recoveries, and systemic changes through structured monitoring and stakeholder engagement.

Functions of AIC

Follow-up of Audit Findings

Issues management letters highlighting systemic weaknesses
Monitors action taken - recoveries, compliance actions, policy/regulatory changes
Completed scrutiny of 11 audit reports (December 2025).

Reporting suspected Irregularities and Vigilance Cases

Identifies and refers suspected irregularities cases to EOW and Lokayukta
Tracks investigation progress and outcomes

Effectiveness of AIC

01 Strengthening Post-Audit Action

Bridges gap between audit reporting and implementation by entities
Uses impact logs for data-driven tracking of corrective actions

01

02 Enhancing Recovery & Policy Change

₹89.41 crore recovered within 7 months
Systemic improvements observed in 8 key areas based on audit issues

02

03 Contribution to Legislative Oversight

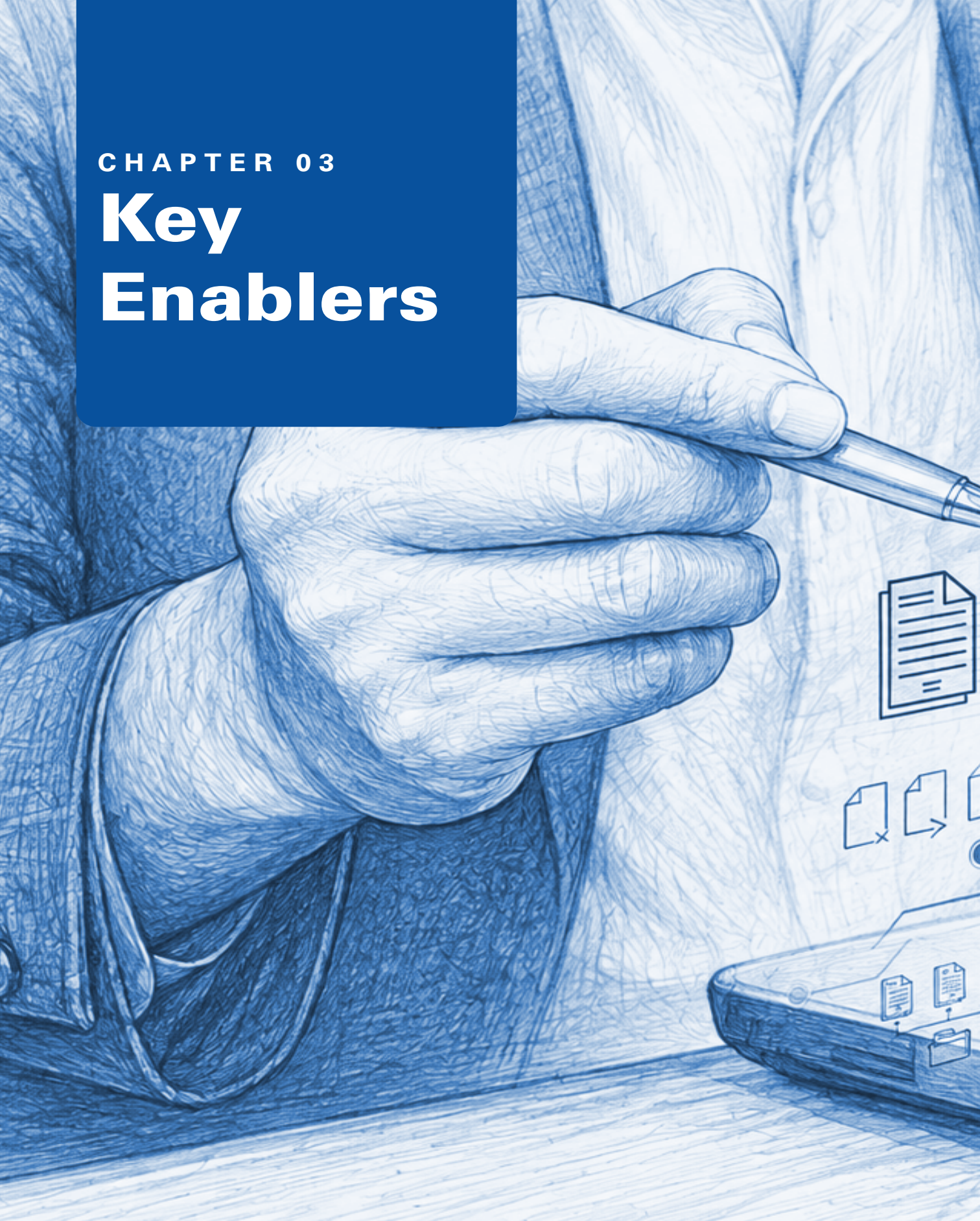
Provides structured inputs for legislative scrutiny (e.g., PAC discussions)
Improves actionability of audit findings for policymakers

03

*EOW: Economic Offences Wing; PAC: Public Accounts Committee

CHAPTER 03

Key Enablers





03

Key Enablers



This chapter presents the key reforms undertaken by SAI India to enhance workforce and organisational effectiveness by building on parallel advances in technology adoption and capacity building



3.1 Digital and data transformation

SAI India's transition to a digitally integrated institution has been anchored in interlocking priorities: replacing paper-based audit workflows with end-to-end digital systems, equipping auditors with data analytics and AI-enabled tools to enhance audit depth and coverage, and building the infrastructure necessary to support remote and hybrid audit at scale. Taken together, these initiatives mark a shift from incremental technology adoption to a system-wide transformation of how audit is planned, executed, and reported.

3.1.1 Integrated audit systems

During the year, the digital audit ecosystem was further strengthened through the operationalisation and enhancement of integrated audit platforms. This was done through an umbrella of initiatives:

- The One IAAD One System (OIOS) continued to serve as the Department's key digital platform for audit planning, execution, documentation, monitoring, and reporting, and by March 2026 it was operational across all audit and accounts offices, except Defence Audit

Offices. Further, the Audit Planning Module with enhanced features was deployed through OIOS in March 2026 to facilitate digital preparation of audit plans for compliance audit. Centralised dashboards and digital reporting mechanisms supported improved status monitoring, faster access to audit information, and more informed decision-making.

- To deepen digital interaction with audited entities, the CAG Connect Portal was rolled out in November 2025, enabling audited entities to respond electronically to audit observations and products; more than 55,000 audited entities had been activated on the portal.

- Functional Helpdesks at Regional Capacity Building Institutes provided continuous handholding support through training, refresher sessions, incident management, and user assistance, which contributed significantly to system adoption and operational stability.

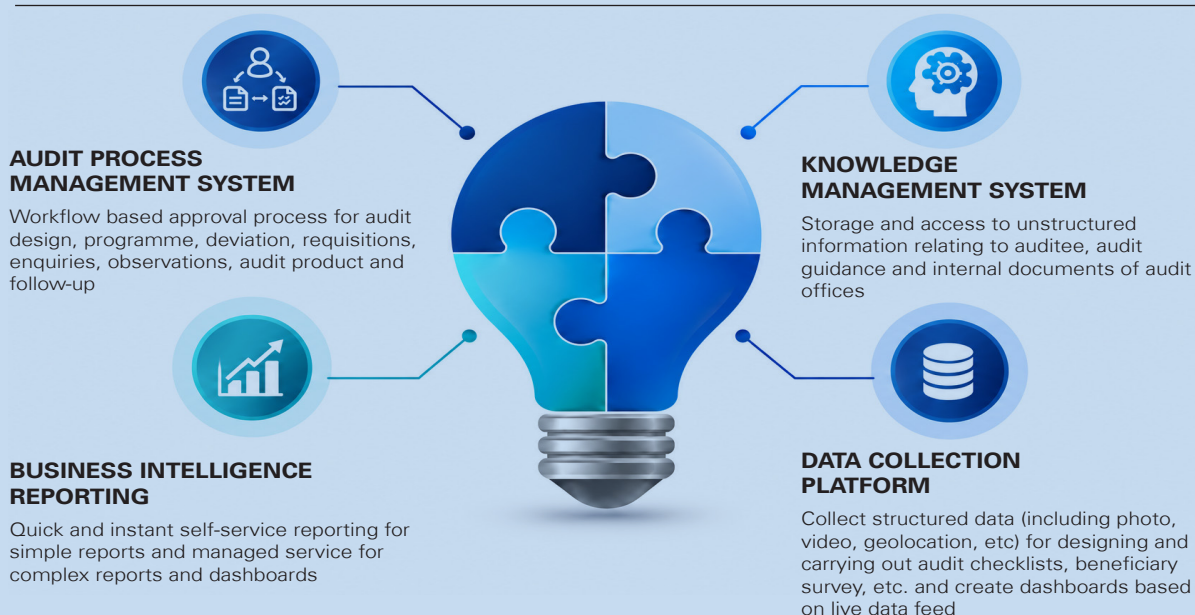
The combined outcome of these interventions was the progressive digitisation of multiple audit workflows, reduced dependence on manual and paper-based processes, and stronger coordination between CAG Headquarters and field offices. Further details on some of these systems/portals are elaborated in the ensuing paragraphs:

A. One IAAD One System (OIOS)

SAI India, with a large and geographically dispersed workforce of around 38,762 personnel, historically operated with paper-based records, standalone digital files and localised systems, limiting standardisation and seamless knowledge sharing.

One IAAD One System (OIOS), launched in April 2023 is a workflow-based, end-to-end audit management platform designed to create a single source of truth, enabling real-time execution, monitoring and reporting across the audit lifecycle.

Figure 88: OIOS Ecosystem



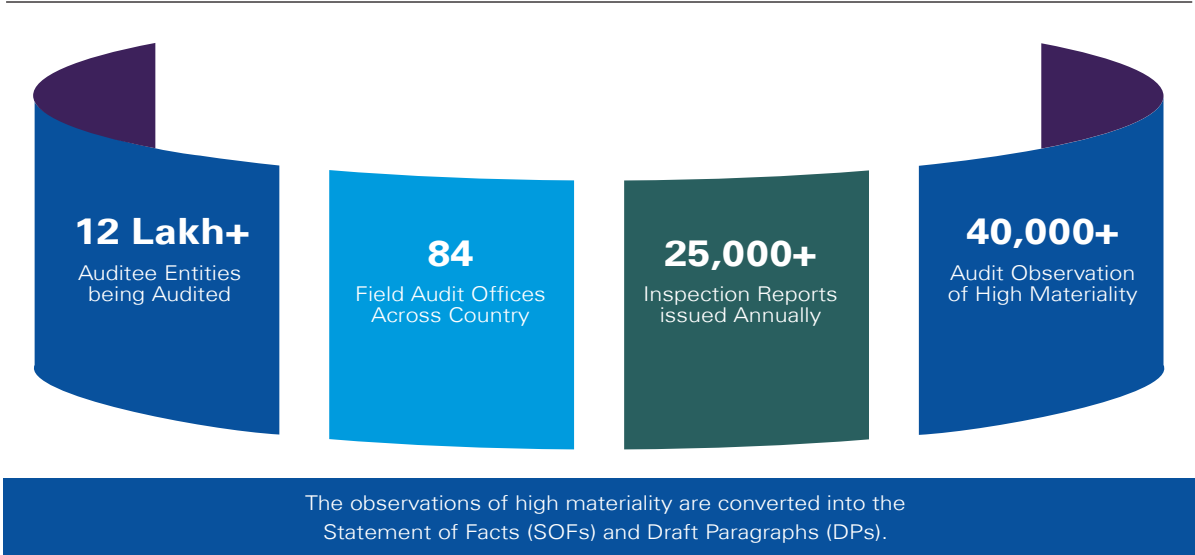
Key Initiatives of the Year	Key Enablers	Adding value to public governance
<p>During 2025–26, the focus for OIOS has been on strengthening adoption and internal system integrations, while enhancing field-level capabilities. Some of the activities pertaining to enhancement of OIOS this year are:</p> <ul style="list-style-type: none"> • Mobile-based data capture along with an offline module enabled through a scanner application, allowing auditors to collect and attach geo-tagged images, videos and documents as evidence in remote areas as well. • Integration with the CAG Connect Portal, creating a unified digital 	<ul style="list-style-type: none"> • Agile Scrum methodology, enabling iterative improvements through continuous engagement between IA&AD (Product Owner) and the System Integrator is being used since inception. 	<p>interface between IA&AD and auditee entities for real-time exchange of audit related information. This portal has been operationalised for compliance audits (non-SSCA), with modules for field visits, and active onboarding of auditees undertaken by field offices with Functional Helpdesks.</p>

B. CAG Connect portal

Aligning with the technological transition, IA&AD has developed the CAG Connect Portal to streamline communication between auditors and audited entities. While systems like OIOS have strengthened

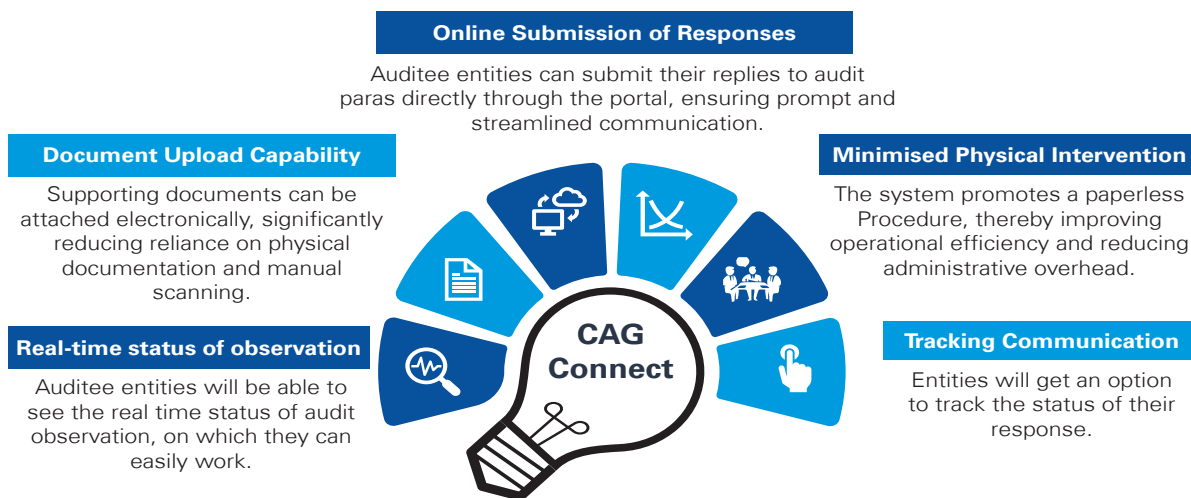
audit processes and monitoring, the scale of operations and the absence of a unified interface for auditee responses necessitated a dedicated platform for real-time interaction.

Figure 89: Scale of operations of CAG organisation



The CAG Connect Portal has been designed to facilitate structured and transparent engagement:

Figure 90: Functionalities of the CAG Connect Portal



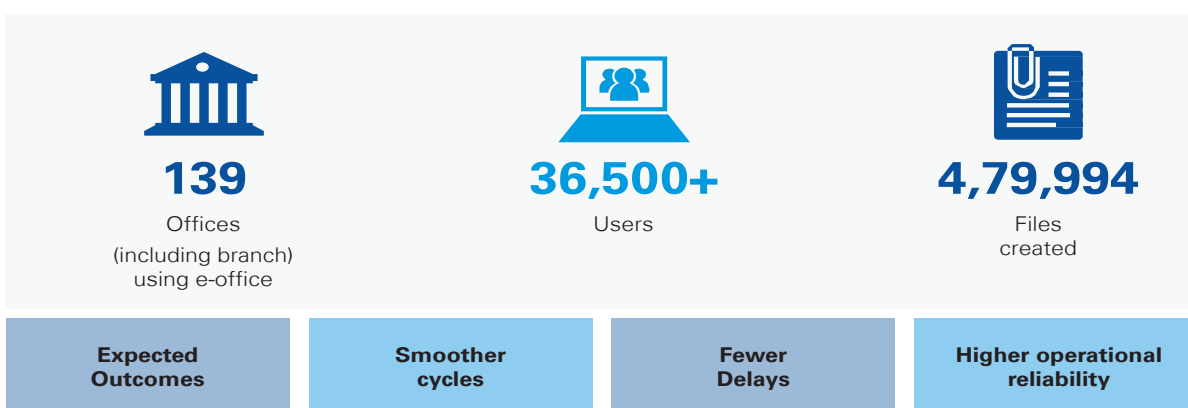
The portal is expected to improve and lead to outcomes like:

- Establishing a real-time digital interface for end-to-end visibility, traceability and paperless communication, enabling faster engagement and reducing manual effort.
- Improving tracking of pendency, response timelines and compliance.
- Integration with OIOS to ensure seamless audit lifecycle management through real-time data flow and automated follow-ups, while positioning the portal as a common platform for future expansion across audit types.

C. e-office and e-HRMS

- The e-Office is a digital workflow-based application, which allows end-to-end movement/ storage of electronic files. It is a web-based application developed by NIC and can be accessed from anywhere on the internet. The implementation of e-Office is focused on processing of administrative activities. In the first instance, 1000 user licenses of the e-office application were purchased from NIC on pilot basis for implementation of the project in a few IA&AD offices and thereafter more user licenses have been purchased, and the e-Office application has been implemented in all the IA&AD field offices.

Figure 91: Implementation of e-Office



- The eHRMS has been developed as an integrated, institution-wide platform to streamline human resource and financial management processes. Designed in alignment with the 7th Central Pay Commission provisions and existing departmental rules, the system brings together HR management, claims processing, payroll (PMS), and financial management (IFMS/IBEMS) into a single, unified ecosystem. Phased rollout of e-HRMS 2.0 has been implemented across SAI India offices, with migration from e-HRMS

1.0 completed and leave and reimbursement modules operational for over 38,700 employees.

Figure 92: Platform architecture of eHRMS

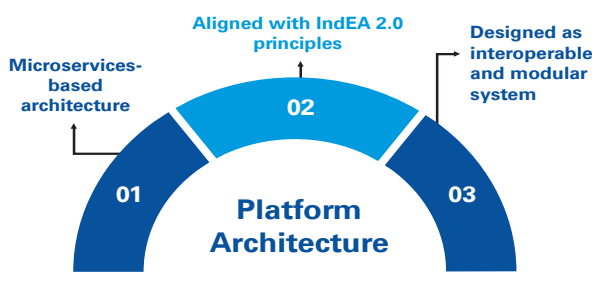
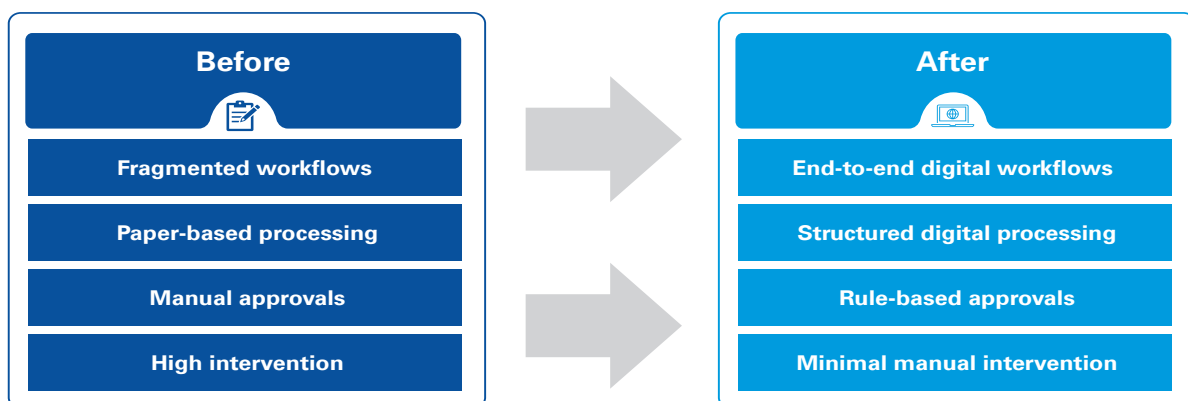


Figure 93: Process transformation through core functional capabilities of eHRMS and governance oversight



Key Initiatives of the Year		Key Enablers		Adding value to public governance	
01	Real-time Dashboards	02	Audit Trails	03	Role-based Access Controls
04	Enhancing Visibility on Pendency	05	Processing Timelines	06	Workflow Status

Operationalisation of eHRMS across the institution shall lead to reduced turnaround times, uniform workflows across offices,

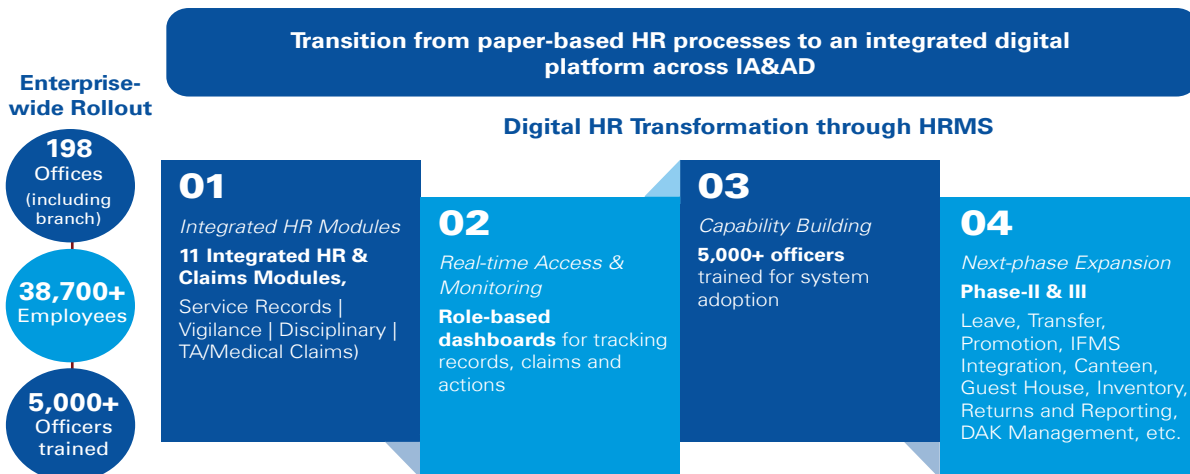
and strengthened accountability backed by real-time tracking.

D. CAG HRMS

Managing human resources across a geographically dispersed organisation has traditionally involved paper-based systems and fragmented processes. To address these challenges, the CAG of India has introduced the Human Resource Management System (HRMS), an integrated, in-house digital platform aimed at transforming HR and financial administration across IA&AD. The initiative marks a shift to a unified digital platform enabling end-to-end management of the employee lifecycle and claims processing.

- Phase I implementation commenced in January 2026 with deployment in 22 offices across Delhi and Chandigarh, expanded to additional 34 offices by February 2026. The system included 11 modules covering service records, vigilance, disciplinary proceedings and end-to-end digital processing of various claims such as TA, medical and allowances. The platform enables role-based access and real-time dashboards, improving monitoring and efficiency. Over 5,000 officers were trained to support adoption.
- Future expansion
 - The Phase I rollout is expected to be completed across all IA&AD offices in 2026, achieving organisation-wide deployment, onboarding 38,762 employees.
 - Phase II is targeted for full implementation by August 2026. Ten modules, spanning three workstreams, are currently under User Acceptance Testing (UAT), including modules for leave, House Building Advance, Computer Advance and Financial Management.
- Phase III will focus on integrated digital personnel management ecosystem. Proposed components include a Canteen Management, Guest House Management, Inventory and Asset Management, Returns & Reporting Management, DAK Management, and Examination Management System, among other digital governance and workflow solutions.

Figure 94: Key activities undertaken with respect to CAG HRMS



The above initiatives are expected to improve human resource management across IA&AD, leading to digitised and integrated HR and administrative processes, reducing reliance on manual workflows, improving efficiency, transparency and real-time monitoring.

3.1.2 Other initiatives

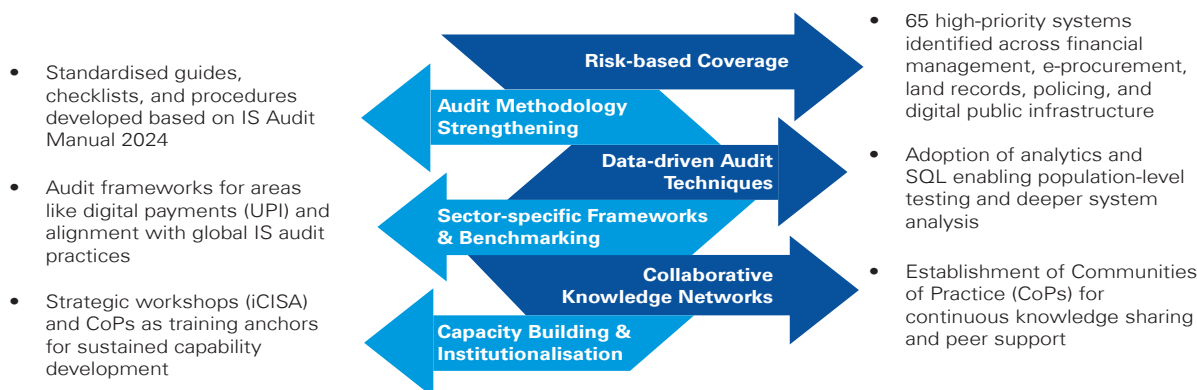
In addition to its core functions, SAI India has undertaken a range of forward-looking digital initiatives aimed at strengthening institutional capacity, enhancing audit methodologies, and increasing the impact and accessibility of audit outputs.

A. Information-System Audits

SAI India has undertaken a structured and multi-pronged approach to strengthen Information Systems (IS) Audit capabilities, with a focus on expanding audit coverage, building professional expertise and

developing methodologies suited to an increasingly digital environment. To scale up capabilities in line with this digital transformation, the strategic framework and core technical activities deployed include:

Figure 95: Strategic functional pillars, methodology updates and technical capabilities defining the IS Audits roadmap



The Information Systems Audit Communities of Practitioners (CoPs) serve as collaborative knowledge networks, supporting audit teams in planning, data analysis, methodology application and review of audit outputs, while promoting peer learning and best-practice sharing. They also contribute to capacity building and consistency in IS audits and are emerging as a key mechanism for strengthening technical expertise across the Department.

The initiative has successfully realised strategic advancements; it has expanded coverage of digital systems and more comprehensive, evidence-based IS audits through adoption of modern methodologies, data analytics and specialised expertise, supported by institutional knowledge-sharing and stronger assurance over complex digital platforms.

B. Collaboration with CoE for Capacity Building and development of LLM

The CAG of India has, this year, tried building internal capacity and developing audit-focused LLM solutions. In collaboration with IIT Madras, a specialised certification programme was launched, alongside efforts to design institutional LLM platforms for audit applications. 468 officers are in different stages of training across 3 batches, contributing towards building future-ready audit capabilities aligned with global trends. The following are activities performed throughout the year:

- Launch of a 9-month Certificate Course on Data Science, AI, Machine Learning, and Cybersecurity for audit professionals in collaboration with IIT Madras, with 468 officers undergoing training across three batches.
- Delivery of the programme in hybrid mode (online + campus immersion), covering three structured batches.
- Coverage of core modules:
 - Data Science Foundations (Python, analytics, visualisation)
 - AI & Machine Learning fundamentals
 - Deep Learning and audit analytics tools
 - Cybersecurity and emerging threats
- Integration of hands-on labs, mini-projects, case studies, and real-world

audit datasets to promote data-driven and AI-assisted audit methodologies.

- Continuous evaluation through assignments, quizzes, and projects.

Separately, development of audit-focused LLM solution is being undertaken through the CAG LLM platform, being developed in collaboration with IIT Madras as an institutional knowledge and intelligence system for employees across the organisation. Given the large volume of audit outputs, including around 25,000 Inspection Reports (IRs) generated annually, the platform is being designed to function as an enterprise-scale knowledge and reasoning system trained on audit reports, manuals, regulations, and historical observations, with functionalities such as contextual knowledge retrieval and audit Q&A, drafting assistance, precedent identification, thematic analysis, cross-domain audit support, easy-to-use chat-based interface, and risk-based audit planning.

In parallel, a Financial Audit LLM is being developed for analysing financial statements, contracts, procurement records, and transactional datasets. Its deployment is progressing in phases, with initial chat-based capabilities already in place and further integration of LLM tools into audit workflows and knowledge systems shall continue in 2026-27.

Implementation of the capacity building and LLM solutions have already shown impact and will further lead to outcomes like:

Figure 96: Impact of LLM Integration and Technology Capacity Building Initiatives



C. Visualisation Dashboards

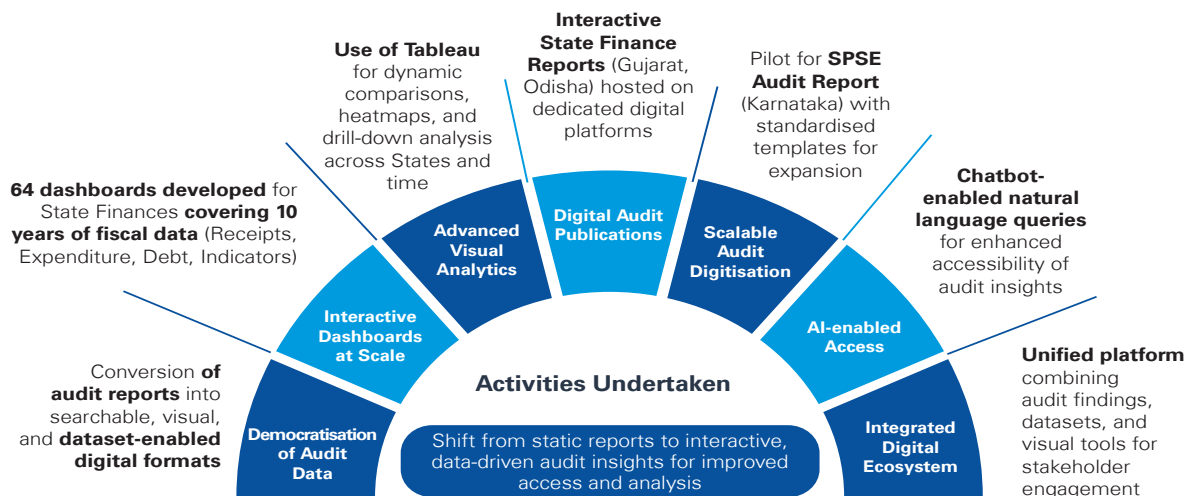
The audit reports of the Comptroller and Auditor General of India constitute a rich repository of information on public finances, programmes and governance. However, traditional formats such as printed reports and static PDFs have limited ease of access, analysis and comparability. To address this, SAI India initiated a shift towards transforming audit outputs into interactive, user-friendly digital resources, enabling

wider access and deeper engagement with audit findings. The Centre of Excellence in Digital Audit of Revenue (CEDAR) launched the “Democratisation of CAG Data and Audit Reports” initiative, with the objective to transform audit outputs from static documents into interactive digital resources that are easier to explore and understand for all stakeholders.



To operationalise this shift, following domains have been chalked out as priorities:

Figure 97: Initiatives of strategic shift from static reporting formats to an integrated digital ecosystem



*SPSE: State Public Sector Enterprise

Significant progress was made under the initiative in 2025-26, including development of 64 interactive dashboards for State Finances (further information on State Finances Audit Reports is covered under Section 5.5). Additionally, digitisation of State Finances Audit reports for Gujarat and Odisha and pilot digitisation of the SPSE Audit Report for Karnataka were done. Standardised digital templates have also been developed to enable scalable rollout and contribute to creation of a digital knowledge repository of audit outputs.

By replacing traditional static documents with dynamic analytical interfaces, the implementation has achieved greater accessibility and use of audit information through interactive digital interfaces, enabling data-driven analysis, wider public engagement, and more evidence-based policymaking and research.

3.2 HR Reforms

SAI India initiated wide-ranging human resource reforms to build capability, enhance accountability and drive performance in a rapidly evolving audit environment. The initiatives focused on modernising examination systems, enhancing capacity building, institutionalising performance management and embedding competency-driven frameworks, with a strong emphasis on leveraging technology and aligning personnel development with organisational goals.

Additionally, some reforms were also initiated to foster a culture of excellence and innovation, while initiatives for centralised cadre management of secretarial staff were undertaken to improve administrative efficiency and streamline workforce deployment.

Together, these reforms built a pathway towards a future-ready and high-performing workforce, capable of delivering robust and outcome-oriented functions.

3.2.1 Exam reforms

The Examination Wing conducts biannual departmental examinations- Subordinate Audit/Accounts Service (SAS), Revenue Audit (RA), Incentive (I) and Continuous Professional Development (CPD), to assess professional competence, enable capacity building and ensure timely availability of qualified personnel for higher responsibilities within IA&AD.

During 2025–26, a phased and comprehensive reform process was undertaken to strengthen the departmental examination system through syllabus revision, digital enablement, assessment redesign and process improvements. A major milestone in this reform journey was the conduct of SAS/RA/I/CPD-I, II and III Examination-2 of 2025 (held in January–February 2026), under the revised syllabus and competency-based assessment framework. These reforms were aligned with broader curriculum modernisation efforts across multiple departmental examinations (including SAS, DAGE, incentive and departmental exams).

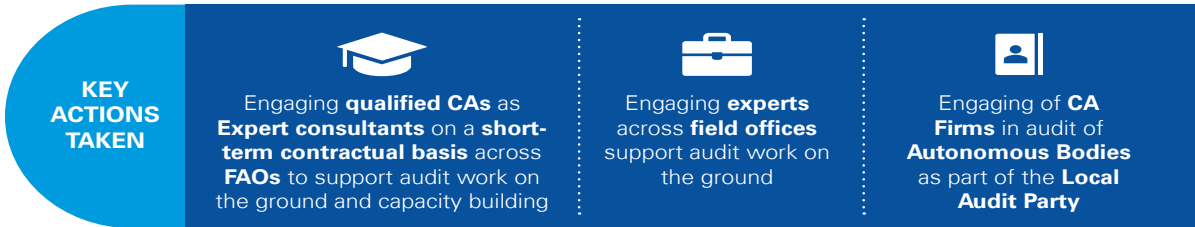
Key initiatives undertaken in this regard are outlined below:

Figure 98: Key initiatives adopted for exam reforms

 Rationalisation of examination centres <ul style="list-style-type: none"> Centres reduced from 46 (41 cities) → 36 (28 cities) Led to resource optimisation and better admin control 	 Optimised centre allocation <ul style="list-style-type: none"> Candidates could appear only in presently posted city, or in a city designated by Examination Wing Improved logistics, coordination and conduct efficiency 	 Incident-free conduct of examinations <ul style="list-style-type: none"> No complaints on conduct of examination No instances of malpractice or major irregularities
 Timely evaluation and declaration of results <p>Reforms like advance evaluator planning, digital workflows, real-time coordination, enabled record result timelines:</p> <ul style="list-style-type: none"> MCO-based exam results declared within 26 days Descriptive mode and practical exam results declared within 45 days 	 Redesigned assessment & syllabus <ul style="list-style-type: none"> Revised SAS framework: 6 branches, 20 papers, 2 groups Shift from rote learning to application-based evaluation Descriptive/practical papers expanded to 6 (from 2) Approximately 1400 candidates appeared in the descriptive component. Centralised answer booklets for uniform evaluation 	 Technology-enabled exam ecosystem <ul style="list-style-type: none"> CCTV-based live monitoring End-to-end digitisation including secure question transmission, same-day uploads, real-time coordination and dashboards Real-time coordination via WhatsApp groups for prompt issue resolution

Key Initiatives of the Year	Key Enablers	Adding value to public governance
<p>These efforts established several essential outcomes and impact:</p> <ul style="list-style-type: none">• Nationwide examinations were completed with smoother experience for candidates due to incident-free conduct and unprecedented swiftness in processing of results.• The above initiatives collectively contributed towards enhancing the operational efficiency and credibility of SAS/RA/I/CPD-I, II and III Examination -2 of 2025, along with improvement in standards of questions due to application-based questions.• Examination reforms reinforced continuous learning and competency development, supporting acquisition	<p>of updated professional skills and ensuring timely availability of qualified personnel for career progression and higher responsibilities.</p> <p>3.2.2 Deployment of domain experts in audit function</p> <p>Given the increasing scale and complexity of audit across Public Sector Enterprises and Autonomous Bodies, SAI India has initiated deployment of specialised talent to augment in-house capabilities. This approach aims to strengthen audit quality by leveraging domain expertise, particularly in financial audits and emerging areas requiring specialised knowledge. There were a few activities undertaken for the same:</p>	

Figure 99: Core facets of specialised talent deployment in SAI India



Collectively, these initiatives have improved audit quality, timeliness and institutional capability in complex and technology-enabled audit areas through specialised professional expertise and knowledge transfer within IA&AD.

3.2.3 Improvements in performance management processes

Across all offices of SAI India, Annual Performance Assessment Report (APAR) is

the key instrument used for performance evaluation. In 2025-26 – key measures were taken to streamline the existing process and foster higher quality in reporting and evaluation of APARs:

- New guidelines and instructions on writing of APARs:** To standardise the assessment processes and improve objectivity in assessing an individual’s performance in alignment with larger organisational priorities and goals.

Figure 100: Reformed guidelines on APAR Writing

Structural Enhancements to the APAR Framework	<ul style="list-style-type: none"> • New attributes and provisions incorporated in APAR Forms of IA&AS Officers • Self-appraisal (achievement note) introduced for HAG and above for the first time • Revised APAR framework to focus on contributions beyond routine work
Objective & Outcome-Based Performance Assessment	<ul style="list-style-type: none"> • Introduction of Annual Work Plans and KPIs integrated with APAR • Performance assessment by Reporting Officers mandated to align with quantitative and qualitative targets fixed at the year's beginning
Technology Integration & Digital Enablement in Work	<ul style="list-style-type: none"> • Integration with iGOT platform, with course completion reflected in APARs • Extension of the online APAR platform SPARROW to AAOs from 2025-26 for digitised processing.
Accountability, Compliance & Timelines	<ul style="list-style-type: none"> • Mandatory compliance certifications (IPR, medical check-ups and work plans) added to strengthen accountability • Enforcement of strict APAR timelines with defined accountability for delays

- **Linkage of Annual Work Plan and level wise KPIs to overall APAR Assessment:** Following decisions taken at senior management forums in 2025, level-wise Key Performance Indicators (KPIs) were developed and aligned with the Annual Work Plans of Heads of Departments and Group Officers. The institution-wide rollout of these KPIs became an integral component of the APAR process during 2025-26.
 - **Implementation of SPARROW (online APAR) for AAOs:** SPARROW (Smart Performance Appraisal Report Recording Online Window) application was implemented for Assistant Audit/Accounts/Administrative Officers (AAOs) covering around 13,000 officers. The platform enables end-to-end digital processing of APARs through online submission, workflow management and real-time tracking.
 - All officers were required to prepare annual work plans in consultation with their reporting officers, aligned with organisational priorities and reviewed periodically. The framework introduced mandatory mid-year reviews, continuity of work plans despite reporting officer changes, and greater emphasis on tenure-based and outcome-oriented assessment. The initiative aims to strengthen accountability, capacity building, innovation and overall organisational performance.
- Restructuring of APARs and work plan creation is expected to transform the institution and lead to outcomes such as:
- More objective and consistent performance assessments aligned to work plans and outcomes.
 - Greater accountability and efficiency through standardised APAR processes and timelines.

- Clear linkage between performance, skill level & development and actual contribution.

3.2.4 Competency Mapping (HR) across cadres

The K&CB Wing, in 2025-26, initiated the process of developing a Comprehensive Competency Framework for officers and officials across all levels of SAI India. This framework provides a structured approach to defining, assessing, and enhancing the competencies required within the IA&AD, in alignment with its evolving mandate in a technology-driven audit environment. It identifies core, functional, and leadership competencies, and seeks to standardise capability expectations from entry-level positions to senior leadership, thereby promoting role clarity and well-defined professional development pathways.

- As part of the framework, a comprehensive training strategy has been formulated to establish a domain-driven and continuous capacity-building ecosystem aligned with evolving audit needs.
- A competency-based approach has been developed covering domain expertise in audit and accounts, digital proficiency, analytical thinking, ethical conduct and communication skills.
- Further, a structured competency assessment mechanism shall be developed to periodically evaluate skill gaps and inform targeted capacity-building interventions across cadres.

Competency frameworks are being designed to support capacity building, strengthen performance management,

and enable targeted training interventions, equipping IA&AD personnel to effectively respond to emerging challenges, including data analytics, artificial intelligence, and risk-based auditing.

3.2.5 KPI framework to increase personnel accountability

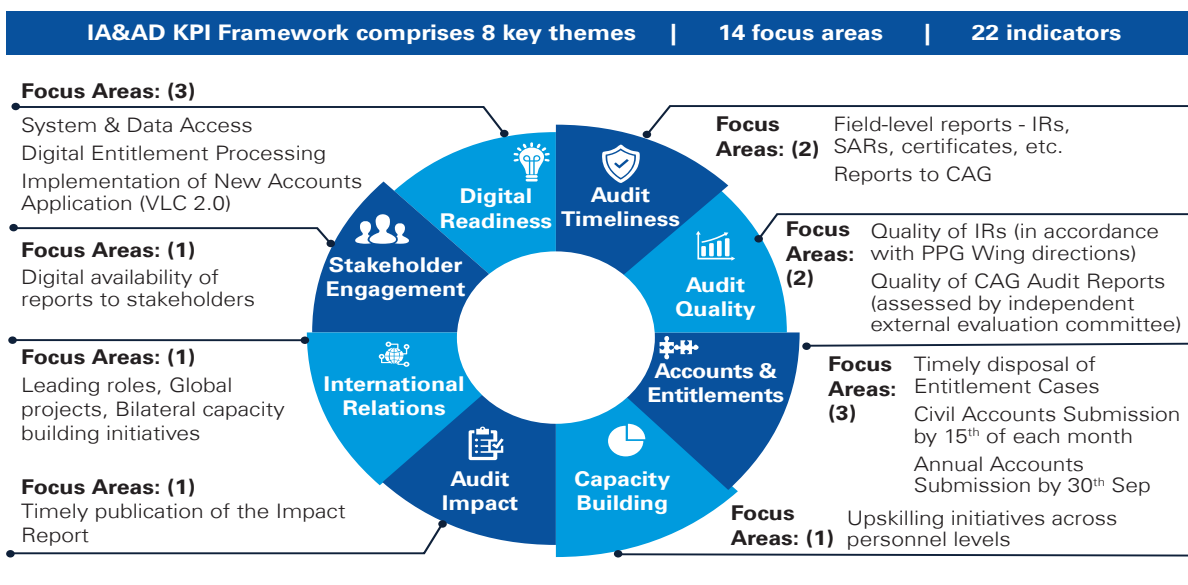
Organisational Key Performance Indicator Framework of IA&AD:

With a view to ensuring that IA&AD remains credible, relevant and future-ready, and all IA&AD offices perform at par with each other, a future-ready 'Organisational KPI Framework' has been developed.

The KPIs were finalised keeping in mind an all-round performance expectation from all offices of the IA&AD. Additionally, they were designed to be practical, readily implementable and take into account current availability of data and institutional readiness to adopt such KPIs. This framework covers eight themes, and each theme branches out to Key Focus Areas & KPIs as detailed below. These themes will be used to assess each IA&AD office and its performance on equitable level:



Figure 101: Eight thematic areas have been devised to assess SAI India's performance



*VLC: Voucher Level computerisation; SAR: Separate Audit Report; IR: Inspection Report

Under this framework, 22 indicators assess performance of offices in these eight thematic areas. Periodic inputs shall be obtained from the concerned wings at Headquarters and field offices on the identified KPIs through a dedicated digital portal.

Over time, the organisational KPI framework is expected to evolve as a structured mechanism for calibrated introduction of additional KPIs, enabling progressive incorporation of emerging priorities, functional requirements, and thus enhancing organisational maturity of IA&AD.

The introduction of the Organisational KPI Framework of IA&AD is expected to lead to better alignment of organisational performance with strategic priorities through transparent performance evaluation, evidence-based decision-making and

continuous improvement of processes and capabilities around personnel performance.

3.2.6 Recognition and Rewards

SAI India has institutionalised recognition and reward mechanisms to promote personnel contribution and adequately reward it as well.

SAI India aims to foster a) innovation and creative solutions, b) excellence and a culture of continuous improvement, c) knowledge sharing and d) outstanding contributions in audit, accounts and administrative functions.

In this light, key recognitions and some other initiatives were introduced:

- A. **CAG's Awards** for Innovation and Excellence in Public Auditing and Accounting:

Figure 102: Awards for Innovation and Excellence in Public Auditing and Accounting



The scope of the awards included:

- Improvements across audit methods, use of technology, and team capabilities.
- Cross-learning by encouraging offices to share experiences and learn from each other's work.
- Integration with key institutional events such as Audit Diwas, reinforcing visibility and engagement across offices.

B. Annual Compendium of New Initiatives and Good Practices – “The Catalysts... in Pursuit of Good Governance”

Complementing the awards framework, SAI India published the annual Compendium “The Catalysts... in Pursuit of Good Governance”, which served as a repository of best practices and innovative initiatives undertaken across IA&AD offices and functional wings.

The Compendium documented practices across a wide spectrum of areas, including technology tools for audit planning, evidence gathering and reporting, innovations in audit methodology, process improvements, stakeholder engagement, international collaborations and welfare initiatives.

It is supported by a structured mechanism for identifying

and documenting relevant and replicable practices, enabling wider dissemination through institutional platforms.

As a result of these initiatives, the following outcomes were observed:

- A culture of innovation, teamwork and outcome-oriented performance across field offices and functional wings.
- Greater adoption and visibility of technology-driven audit innovations, promoting replication of successful practices.
- Improved knowledge management and institutional learning through systematic documentation, dissemination of best practices and organisational resilience.

3.2.7 Centralised cadre

- **Secretarial Staff:** The Stenographer cadre in IA&AD has operated under a decentralised structure, leading to disparities in career progression and cadre management between Headquarters and field offices. To address this, a uniform four-tier stenographer hierarchy was approved across IA&AD, along with the creation of a centralised All-India cadre from the Personal Assistant level onwards. The restructuring also rationalises recruitment and promotion mechanisms, widening

career progression opportunities, while promoting greater equity, uniformity and efficient manpower utilisation across Headquarters and field offices.

- **The Central Revenue Audit (CRA) and Central Expenditure Audit (CEA) cadres:** These cadres were created to establish functionally aligned, centralised cadres for audit of receipts and expenditure. This was achieved by pooling personnel from existing audit offices and relevant Headquarters

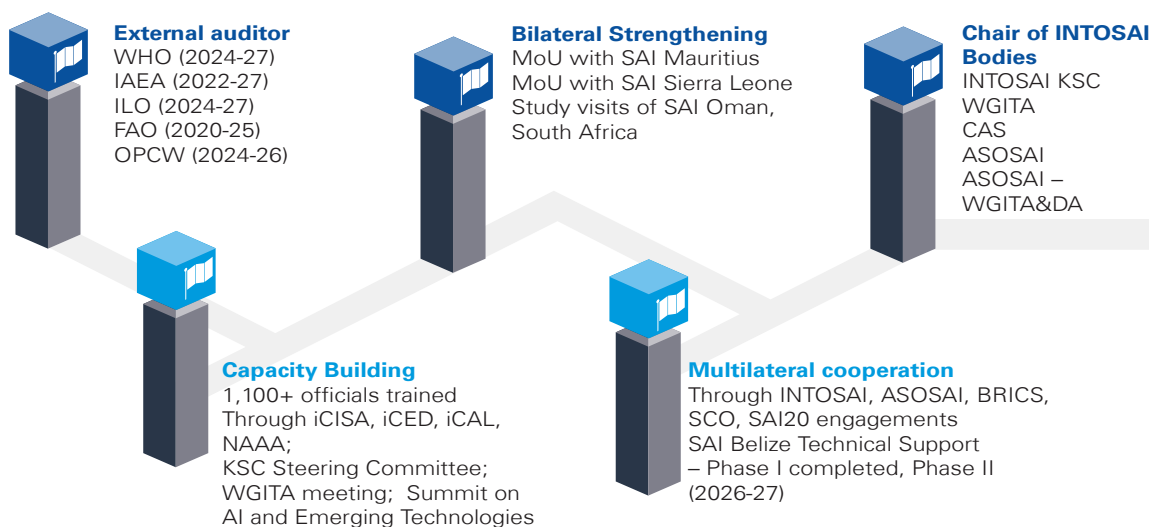
verticals, thereby reducing fragmentation in cadre control and enabling more coherent deployment of manpower. The restructuring was aimed at strengthening domain specialisation, improving consistency in personnel management, and enhancing the overall quality and effectiveness of audit functions. This initiative has been elaborated separately in section 2.3.2 on cadre optimisation.

3.3 Going Beyond Borders: Our International Relations

CAG of India continued to strengthen its global engagement during 2025–26 through international audit assignments,

structured knowledge-sharing initiatives, and wide-ranging multilateral and bilateral collaborations.

Figure 103: Highlights of initiatives for International Relations



*WHO: World Health Organisation; IAEA: International Atomic Energy Agency; ILO: International Labour Organisation; FAO: Food and Agriculture Organisation; OPCW: Organisation for the Prohibition of Chemical Weapons; INTOSAI: International Organisation of Supreme Audit Institutions; KSC: Knowledge Sharing and Knowledge Services Committee; WGITA: Working Group on Information Technology Audit; CAS: INTOSAI Compliance Audit Subcommittee; ASOSAI: Asian Organisation of Supreme Audit Institutions; ASOSAI WGITA&DA: ASOSAI Working Group on IT Audit & Data Analytics

3.3.1 Audit of multilateral international organisations

CAG of India has successfully maintained long-standing associations with the United Nations (UN) and its specialised agencies by serving as their External Auditor from time to time. These audit engagements were secured through CAG of India's successful participation in competitive technical and commercial bidding processes, in which it was able to distinguish itself among

Supreme Audit Institutions from across the world. The assignments provided independent assurance over financial reporting, compliance, governance, programme implementation and information systems across organisations operating in diverse international settings. During 2025-26, SAI India carried out audit engagement activities for several key UN organisations, based on technical commercial proposals approved by the Board of Auditors.

Figure 104: SAI India acted as the external auditor to key UN organisations



- World Health Organisation (WHO):** The World Health Organisation (WHO) is a specialised agency of the UN, responsible for international public health, with its headquarters located in Geneva, Switzerland. CAG of India is the External Auditor of WHO and its five non-consolidated entities (SHI, IARC, UNAIDS, UNICC and UNITAID) for the period 2024–27. Seven audit teams of SAI India conducted onsite audits during September 2025–March 2026, including performance audits on 'Resource mobilisation and healthier populations'. Our teams also conducted financial and compliance audits of WHO Headquarters, its Regional/Country offices, along with the non-consolidated entities.
- Food and Agriculture Organisation (FAO):** The Food and Agriculture Organisation (FAO) is a specialised agency leading international efforts to tackle hunger globally. In respect of the FAO, SAI India undertook financial, performance, and compliance audits of FAO Headquarters and its regional/country offices during November 2025–May 2026 by deploying seven audit teams. The audit coverage also included two performance audits on 'Enterprise Risk Management' and 'FAO Shared Services Centre'.
- International Atomic Energy Agency (IAEA):** IAEA, which is the world's centre for cooperation in the nuclear field, has its headquarters in Vienna. SAI India continued its engagement with IAEA (2022–27) and audits were conducted during October 2025–April 2026 by four audit teams. The audits included financial audits; performance audits of 'Technical Cooperation Projects by IAEA'; IT audit of 'Agency-Wide Information System for Programme Support (AIPS)'. Financial Audits of IAEA Commissary, Cafeteria and Staff Assistance and Seibersdorf Cafeteria Funds were also carried out.
- International Labour Organisation (ILO):** As External Auditor of the

ILO (2024–27), SAI India undertook financial audit at ILO Headquarters, financial and compliance audit of the International Training Centre (ITC-ILO), audits of six regional and country offices across Latin America, Asia, Africa, and the Middle East, along with a performance audit on 'ILO Policy Outcome 3: Full and productive employment for just transitions' and an 'IT audit' on 'IT governance and operations of the ILO'.

- **Organisation for the Prohibition of Chemical Weapons (OPCW):** OPCW is the implementing body for the Chemical Weapons Convention, which came into force on 29 April 1997, having headquarters at The Hague, Netherlands. Following its reappointment as External Auditor of OPCW (2024–26), CAG conducted the audit for the financial year ending December 2024, including a compliance audit on 'Asset Management & Procurement in OPCW', and a performance audit of 'OPCW's Human Resource Management and transition of provident fund to UNJSPF'.
- **Meeting of Technical Group and UN Panel of External Auditors:** A delegation from SAI India attended the 41st meeting of the Technical Group held during 19-21 November 2025 and the 65th Regular Session of the UN Panel of External Auditors held during 24-25 November 2025 at the United Nations Headquarters in New York.
 - The Panel discussed several topics, including follow-up actions on the UN Secretary-General's response to the Panel letter and critical issues: Financial Health and Budget Management, Risk

Management and Internal Controls, Digital transformations and UN80 Reform Initiative. At this forum, SAI India made presentations on Financial Health and Budget Management, Risk Management and Internal Controls and Digital Transformations.

- SAI India also provided voluntary assistance to the United Nations Board of Auditors (UNBoA) in identifying and facilitating public digital access of audit reports of external auditors from 2016 onwards. The UNBoA portal did not have details of reports from the previous ten years, which were identified and collated by SAI India.

These initiatives enabled several key outcomes, such as:

- Comprehensive audit coverage across major international organisations, enhancing accountability through integrated financial, compliance, performance, and IT audits.
- Strengthened institutional performance within audited entities - including contributions like detailed examination of governance systems, risk management frameworks, and operational effectiveness of audited entities.
- Reinforcement of SAI India's leadership role in shaping global audit discourse through active participation in Technical Groups and UN Panel of External Auditors.
- Improved knowledge management and institutional memory within the UN system - as SAI India identified and facilitated the uploading of missing audit reports on the UNBoA portal.

3.3.2 International trainings and knowledge sharing activities

A. CAG's Leadership Role

The International Organisation of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external government audit community. Founded in 1953, it has 195 full members, five associate members and two affiliate members and holds special status with the UN via its Economic and Social Council (ECOSOC).

The Asian Organisation of Supreme Audit Institutions (ASOSAI) is one of the seven regional working groups of INTOSAI, established in 1979. SAI India is a founding member of ASOSAI and has played a pivotal role in shaping its institutional evolution over the decades. ASOSAI currently has 48 member SAIs drawn from across the Asian and Pacific region.

During the year, CAG demonstrated his role as a leader in the international public sector audit community by chairing the following meetings:

- **17th Annual meeting of INTOSAI KSC Steering Committee:** INTOSAI Knowledge Sharing and Knowledge Services Committee (KSC) and its Steering Committee (KSC SC), since its inception, has been chaired by SAI India. The KSC develops guidance documents, handbooks, best practices, research papers, etc., and disseminates knowledge through seminars, workshops, and training programmes. The KSC has 12 Working

Groups⁵ specialising in various domains of public sector audit. As Chair of the KSC Steering Committee, CAG hosted its annual meeting in Hyderabad in September 2025, facilitating discussions on strategic initiatives, operational planning, and global audit trends like –

- Discussion on the draft Operational Plan for 2026-28, reviewed progress on 'Strategic Development Plan 2023-28' and examined the report - 'Navigating Global Trends'.
- Finalisation of key administrative matters, including revisions to the KSC's Terms of Reference, selection of SAI Czech Republic as KSC Vice Chair, approval of committee reports and motions, and allocation of Goal Chair responsibilities.
- Introduction of 'White Paper to monitor the performance of the KSC Working Groups' to enable KSC SC to review the performance and need of Working Groups. After the first such review in Hyderabad, KSC SC unanimously decided to discontinue and close the Working Group on Value and Benefits of SAIs (WGVBS).

⁵ The 12 Working Groups are Working Groups on Public Debt (WGPDP), Information Technology Audit (WGITA), Environmental Auditing (WGEA), Evaluation of Public Policies and Programmes (WGEPPP), Fight Against Corruption and Money Laundering (WGFACML), SDGs and Key Sustainable Development Indicators (WGSDDG-KSDI), Financial and Economic Stability (WGFES), Audit of Extractive Industries (WGEI), Public Procurement Audit (WGPPA), Big Data (WGBD), Impact of Science and Technology on Auditing (WGISTA), Follow-Up Audit (WGFA). Among these, SAI India chairs the INTOSAI Working Group on Information Technology Audit (WGITA). SAI India also chairs the INTOSAI Compliance Audit Subcommittee (CAS), the INTOSAI Knowledge Sharing Committee (KSC), the Asian Organisation of Supreme Audit Institutions (ASOSAI) and the ASOSAI Working Group on IT Audit and Data Analytics (WGITA&DA).

Figure 105: CAG of India with other delegates at the 17th annual meeting of KSC Steering Committee (12th September 2025, Hyderabad)



- Demonstration of India's PM GatiShakti initiative, showcasing how technologies like AI, Geographic Information Systems (GIS), and big

data can revolutionise infrastructure planning, monitoring, and audit processes, offering lessons relevant to countries around the world.

Figure 106: Dr. Vinay Thakur, Special Director General, BISAG-N (left) delivering a presentation on PM Gati Shakti to the delegates (right) during the 17th KSC SC meeting



- Chair of the INTOSAI Working Group on IT Audit (WGITA):** WGITA was created in 1989. Presently, it has 58 members and 7 observers

with CAG of India as the Chair; and hosted the 34th meeting of the WGITA in Hyderabad on 10th September 2025, along with a summit on AI and

Emerging Technologies, focusing on digital transformation, cybersecurity, use of advanced technologies in auditing, in continuation of the meeting on 11th September 2025. A key outcome of this meeting was the

adoption of the Work Plan of WGITA for 2026–28 with its focus upon Cybersecurity, Internet of Things (IoT), Large Language Model (LLM) for audit and Certification programme on AI, Data science and Cybersecurity.

Figure 107: WGITA summit on AI and Emerging Technologies on 11 September 2025



During the WGITA summit on AI and Emerging Technologies on 11 September 2025, Dr. V. Kamakoti, the Director, Indian

Institute of Technology Madras delivered the keynote address on “Current Landscape and Future of AI and Digitalisation.”

Figure 108: Dr. V. Kamakoti, the Director, Indian Institute of Technology Madras, delivering the keynote address during the WGITA summit on AI and Emerging Technologies



He focused on two key dimensions: auditing AI systems and using AI in auditing. He highlighted the need for robust governance, ethical standards, and lifecycle-based auditing of AI, emphasising principles such as transparency, explainability, accountability, and fairness. He also demonstrated how AI can enhance auditing through fraud detection, anomaly analysis, continuous auditing, risk monitoring, and automated reporting, while underscoring the importance of integrating AI with big data analytics, cybersecurity, and sustainability audits. He concluded by envisioning a future of auditing driven by innovation, ethics, and global standards.

- **22nd annual meeting of INTOSAI Compliance Audit Sub-Committee (CAS):** The CAG of India contributed to strengthening compliance audit practices through leadership of the INTOSAI Compliance Audit Subcommittee (CAS).
 - The CAS meeting highlighted progress under the 2023–2025 Work Plan and set the direction for 2026–2028, focusing on a Concept paper on the Use of Artificial Intelligence in Compliance Auditing.
 - Updates from the Professional Standards Committee (PSC), and the INTOSAI Development Initiative (IDI), and member SAls reinforced collaboration, innovation, and the growing focus on impactful, citizen-centric compliance auditing.
 - CAG of India also highlighted the success achieved by SAI India

in applying AI-driven analytics to detect compliance gaps and expressed collaborative intent of sharing these proven audit techniques and methodologies with other SAls.

- **Chair of the ASOSAI Governing Board:** CAG of India, as per the commitment made in the New Delhi Declaration, drafted the Guidelines on Audit of Digital Public Infrastructure (DPI) after extensive consultation with member SAls. The Guidelines were well received by all member SAls, with SAI Thailand especially acknowledging them. DAI (HR, IR, Coord. & Legal) representing CAG, chaired the 62nd meeting of the ASOSAI Governing Board in Baku, Azerbaijan in July 2025.
- **Chair of the ASOSAI Working Group on IT Audit & Data Analytics (WGITA&DA):** WGITA&DA was created in 2024. Presently, it has 21 members with CAG of India as the Chair. The inaugural meeting of the WGITA&DA was held virtually on 18th December 2025, along with a Seminar on “Building Capacities for Emerging Technologies”. The Seminar provided timely perspectives on capacity building in emerging technologies.

A key outcome of this meeting was the adoption of the Work Plan of WGITA&DA for 2025–27 with its focus upon capacity building, training programmes, workshops, joint research project and knowledge sharing as key activities.

Figure 109: Inaugural meeting of ASOSAI WGITA&DA



B. International Training Programmes

During 2025-26, SAI India assisted other SAls in their capacity building for enhancing audit skills of their staff members, by drawing from real life audit scenarios and experience in delivery of government schemes and programmes. SAI India conducted international capacity building programmes for partner SAls, including training programmes for Qatar, Bahrain, and Sri Lanka, covering emerging areas such as AI, data analytics, and technology-enabled auditing. The activities undertaken were:

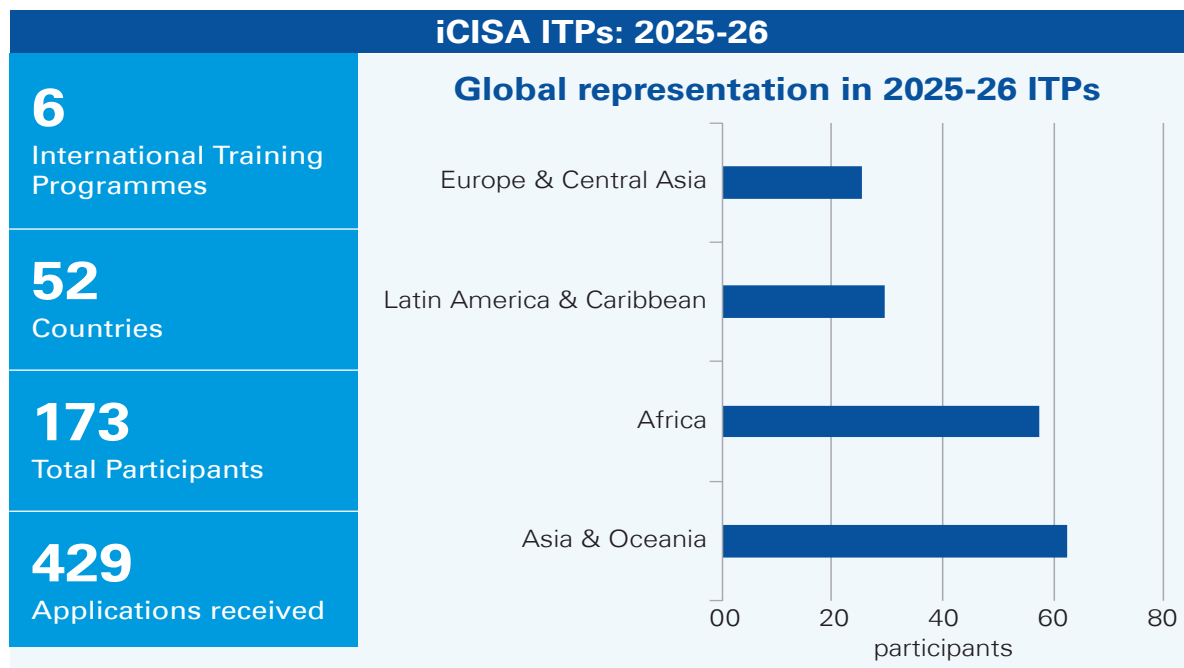
- **Training of officers from Bhutan & Maldives at NAAA:** During 2025-26, National Academy of Audit and Accounts (NAAA) supported in the capacity building of six officers from Bhutan and one officer from Maldives, alongside the officer trainees of Indian Audit & Accounts Service (IA&AS).
 - SAI India and SAI Bhutan have signed a Memorandum of Understanding (MoU) in the field of public audit, under which capacity

building of officer trainees of SAI Bhutan is undertaken through courses conducted by SAI India for IA&AS officers. Every year, two officers from the Royal Audit Authority (RAA) are trained at the NAAA along with IA&AS trainees.

- Under the ambit of an MoU signed in 2021 between SAI India and SAI Maldives, nominated officers from SAI Maldives have received training with IA&AS officer trainees.

- **International Training Programmes (ITPs) conducted by iCISA:** The ITPs conducted by iCISA provided multifaceted training experience to officials from SAls and government organisations across countries, integrating advanced tools and techniques with cultural immersion. During 2025-26, the ITPs received 429 applications across six programmes, against the slotted 173 participant seats.

Figure 110: Global capacity building outreach by iCISA



The institute typically introduces new courses periodically, to ensure maximum takeaways for international participants. The initiatives for bilateral and multilateral capacity building during 2025-26 included:

- **Inaugural ITP on Digital Public Infrastructure (DPI):** The 16th Assembly of the Asian Organisation of Supreme Audit Institutions (ASOSAI) held in New Delhi in 2024 emphasised the role of SAIs in auditing DPI, with a focus on accessibility and inclusion. In line with this, iCISA conducted its inaugural ITP focused on DPI, which was attended by 28 participants, including representatives from 13 ASOSAI member countries.
- **Panel Discussion during ITP:** For improving participant engagement, iCISA also initiated a panel discussion for the first time as part of the 16th ITP on DPI.
- **Bilateral Training Programme (BTP) on e-procurement:** iCISA conducted

its first extensive course on audit of public procurement for 35 officers of SAI Sri Lanka in December 2025.

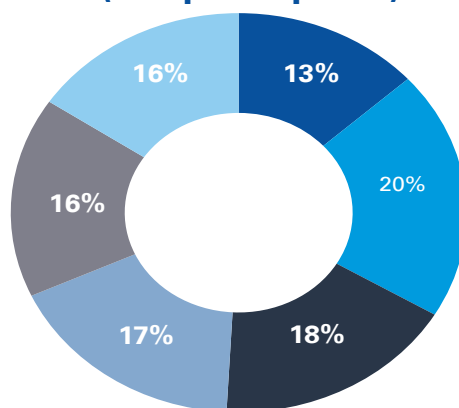
- **International faculty for ITPs:** iCISA initiated a practice to invite international faculty to provide global perspective; this year, three online sessions were delivered by international faculty.
- **Alumni webinars:** iCISA initiated its first webinar in July 2025, on AI and Accountability, including speakers from Ghana, the Netherlands, and South Africa. Its second webinar was held in March 2026, on the impact of AI on audit, with speakers participating from Egypt, Thailand, and Brazil.
- **ITP with AI based translations:** As a significant step towards enhancing knowledge sharing and inclusivity, iCISA has started offering training programmes with foreign language interpretation. In 2025-26, iCISA conducted 2 ITPs with real-time

translations in Spanish and Russian, viz. Audit of Social Sector Schemes

(ITP 168) and IS Audit & Use of Emerging Tech (ITP 169).

Figure 111: ITPs conducted by iCISA in 2025-26 for 173 participants, and topics covered in training

ITP Programmes in 2025-26 (173 participants)



- Info Systems & Emerging Tech (Russian)
- Information Systems Audit
- Data Analysis & Emerging Tech
- Performance Audit
- Digital Public Infrastructure
- Social Sector Schemes (Spanish)

Topics covered in trainings



Emerging Technologies

AI, ML, Generative vs Traditional AI, Blockchain, Drone Analytics



Modern Tools & Methodologies

OIOS Audit Management System, Dashboard and Analytics, Data-driven risk assessment, Software tools and automation



Information Systems, Cyber Security, Fraud Detection

Information Systems (IS) Audit, Cybersecurity concepts, OCR Tech for Fraud Detection in Contracts



Data Science

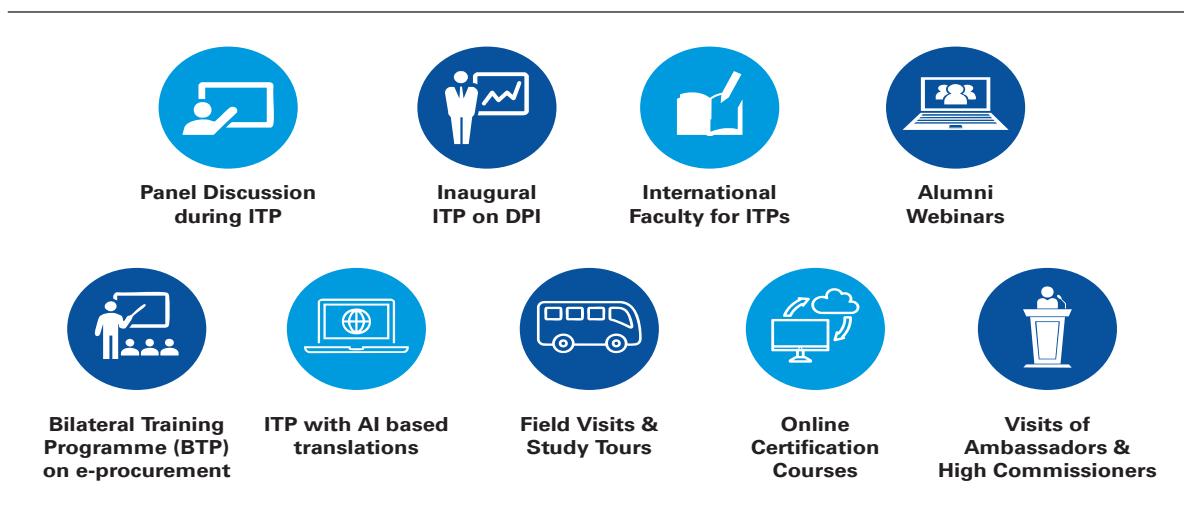
Python programming, image processing, advanced data handling with Pandas, data charts and visualisation

- **Field visit and study tours:** During 2025-26, ITP participants visited ISRO Space Applications Centre, NASSCOM Centre of Excellence for AI & IoT, Centre of Excellence on DPI and Modular Open-Source Identity Platform (MOSIP) at IIIT Bengaluru. Tours also included visits to the Hyderabad City Police Cyber Command Centre, Command Control Centre Bengaluru City, and the Krishna Raja Sagara Dam for insights into large-scale technology operations.
- **Online Certification courses:** Short duration online certification courses (6-8 hours) were offered in ITPs to enhance technical proficiency. These

included Power BI & Tableau for Data Visualisation, Python for Data Science, Tableau – Data Preparation, Analysis & ETL. These programmes were offered under ITPs like Performance Audit, Information Systems Audit, Audit of DPI, etc.

- **Visits of Ambassadors and High Commissioners:** An integral component of cultural exchange and bilateral strengthening is the observance of 'Theme Country Day' at iCISA. During 2025-26, Ambassadors and High Commissioners of Thailand, Egypt, Argentina, and Kazakhstan visited iCISA.

Figure 112: The nine categories of initiatives by iCISA in 2025-26



*ITP: International Training Programme

- International Centre for Environment Audit & Sustainable Development (iCED):** Global SAIs are continually imparted capacity building, knowledge, and experience-sharing in environment audit and sustainable development by iCED.
 - During 2025-26, iCED conducted a total of 13 international trainings, comprising 9 webinars, 1 workshop, and 3 ITPs. The training programmes included sessions on environmental auditing, climate change, sustainability reporting, circular economy, green fiscal policy tools, etc. These sessions were conducted by domain experts, including international faculty from SAI Thailand, SAI Finland, SAI Canada, SAI UK, SAI Indonesia, United Nations Environment Programme (UNEP), etc.
 - These initiatives witnessed participation from 74 SAIs of various countries, with 981 participants benefiting altogether, including 26 IA&AS officers.
 - Additionally, iCED also hosted 33 participants of the 165th ITP conducted by iCISA on environment audit during 2025-26.

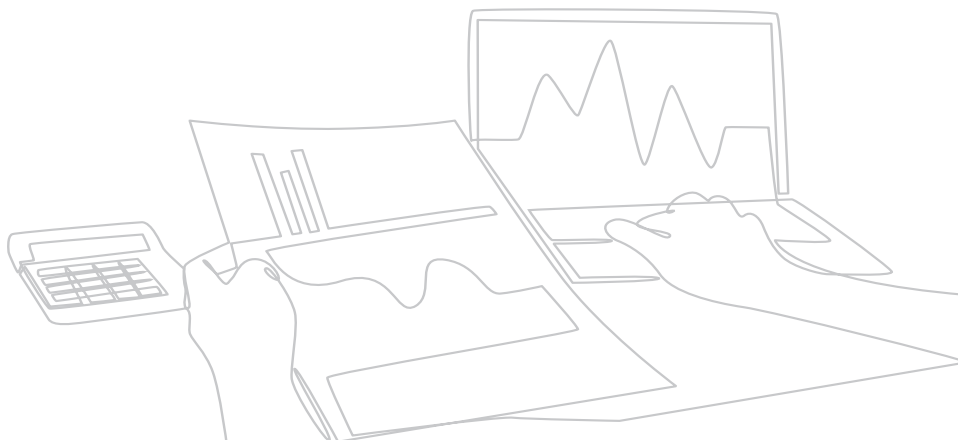
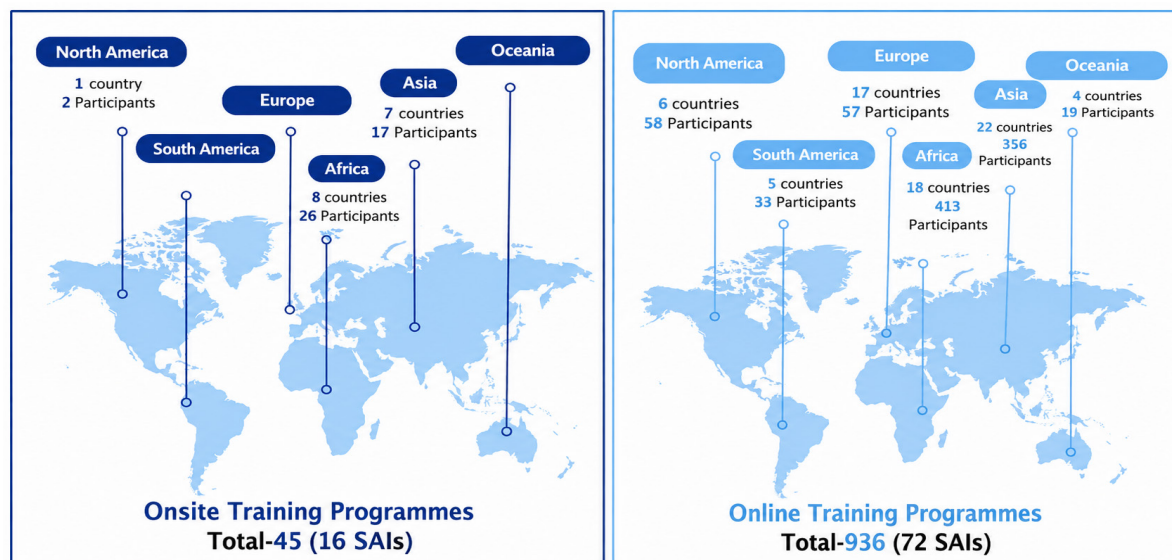


Figure 113: Global outreach of iCED



- International Centre for Audit of Local Governance (iCAL), Rajkot:**
 During the 16th Assembly of ASOSAI held in New Delhi in September 2024, a Working Group on Regional and Municipal Audit (WGRMA) was created, and iCAL was designated as its nodal centre in November 2024.

During the ASOSAI's Annual Meeting in May 2025, SAI India was entrusted, under the approved work plan for 2025-27, with two strategic initiatives – (i) facilitating expert dialogue and knowledge sharing through the organisation of annual meeting, knowledge sharing and capacity building events; and (ii) engaging in mutual capacity building efforts through collaboration with INTOSAI and Regional Organisations of Supreme Audit Institutions.

Accordingly, as part of this assigned mandate, iCAL held a webinar on the audit of solid waste management in November 2025, which was attended by over 30 delegates from ASOSAI member SAIs.

These initiatives by SAI India, were pivotal in creating tangible outcomes as outlined below:

- Strengthened SAI India's role as a global hub for knowledge sharing, and enabled consensus-building on key global audit priorities, including digital transformation, compliance audit modernisation, and environmental auditing.
- Contributed to enhancing professional competencies of auditors across partner SAIs, particularly in emerging areas such as artificial intelligence, data analytics, and digital auditing tools – including through the development of audit-focused LLMs and certification programmes.

3.3.3 International collaborations with other global SAIs (multilateral, bilateral)

Over the past year, SAI India maintained extensive collaboration with international and regional bodies including INTOSAI, ASOSAI, BRICS, SCO, and SAI20. Some of

the key activities undertaken to enhance international collaboration were:

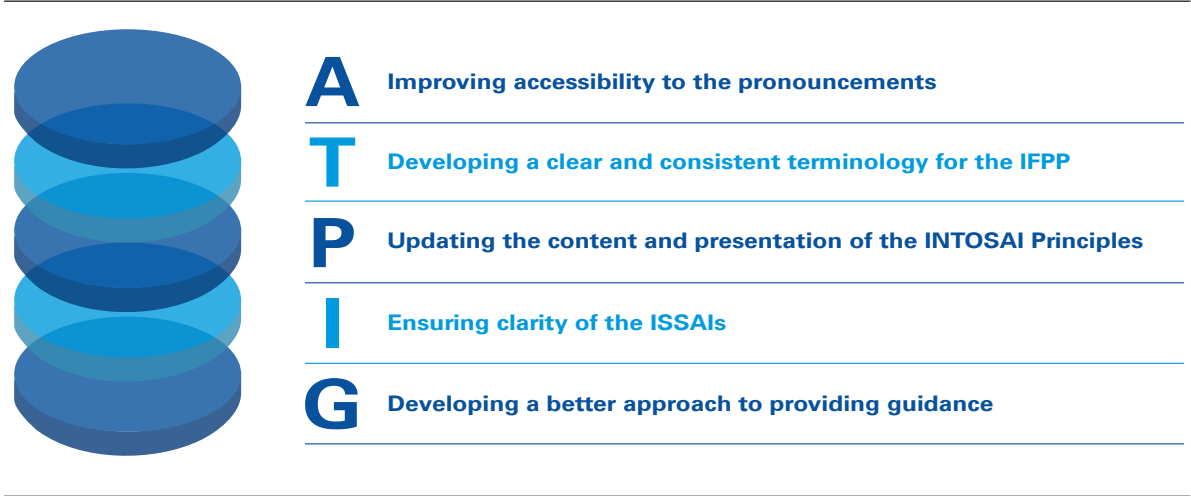
- XXV International Congress of Supreme Audit Institutions (INCOSAI):** The XXV INCOSAI was held in Egypt, in October 2025, focusing on the key themes of (i) the role of SAIs in auditing central banks and government actions during financial and economic crises, and (ii) the use of artificial intelligence in auditing.

CAG of India participated in this as a member of INTOSAI Governing Board and delivered a presentation on the use of AI in Performance Auditing.
- Technical Support to SAI Belize under Global SAI Accountability Initiative (GSAI):** The Global SAI Accountability Initiative (GSAI) led by INTOSAI Donor Cooperation aims to strengthen and maintain the capacity of SAIs and identifies SAIs in challenging environments and provides support to strengthen their capacities and performance. GSAI support was officially launched in 2023 with SAI India as the main technical partner for SAI Belize.

- Under INTOSAI’s capacity development initiatives, SAI India provided technical support to SAI Belize (Phase I completed in December 2025), covering digitalisation, audit quality enhancement, stakeholder engagement, and institutional strengthening, with plans for continued support under Phase II.
- SAI India will continue as a capacity development partner in Phase-II, focusing on providing training for financial audit methodologies; providing consultancies when required; and providing oversight and high-quality support as part of the Project Steering Committee.

- Strategic Development Plan (SDP) of INTOSAI 2023-28:** In collaboration with INTOSAI bodies, SAI India hosted the Strategic Development Plan (SDP) Seminar and Meeting of the Forum for INTOSAI Professional Pronouncements (FIPP) in May 2025, advancing global professional standards and guidance. The SDP 2023-28 includes five initiatives, which are led by five teams, with SAI India leading the ‘G’ initiative:

Figure 114: The five initiatives of SDP 2023-28, with SAI India leading ‘G’ initiative



*ISSAI: International Standards of Supreme Audit Institutions

Under this, SAI India initiated project activities as per its proposal, aiming to ensure that the INTOSAI community has easy access to relevant high-quality guidance and reference material, to deliver high-quality public sector audits.

- **Engagement with the INTOSAI Working Group on Environmental Auditing (WGEA):** CAG of India facilitated the enhancement of environmental audit capacity, by hosting a high-level delegation of the INTOSAI Working Group on Environmental Auditing (WGEA) in June 2025. This included plans to collaborate with the UN Office for Disaster Risk Reduction (UNDRR) to build SAI capacity in auditing disaster management, and redesign the ITPs facilitated by iCED to a blended 9-day format with online and in-person components, and post-training support on Audit Design Matrices and feedback sessions.
- **Multilateral Meetings / Seminars/ Webinars:** SAI India has been an active participant in multilateral audit forums, including SAI20, BRICS, and the Shanghai Cooperation Organisation (SCO), contributing meaningfully to thematic discussions, knowledge-sharing initiatives, and capacity building efforts.
 - The 7th Meeting of the Heads of SAs of SCO Member States was held in April 2025 in Dushanbe, Republic of Tajikistan. The central agenda of the meeting was the audit of water resources, with

emphasis on sustainable usage and glacier protection.

- SAI India highlighted freshwater stress, ineffective fund utilisation in key programmes and suggested community engagement and reuse of treated wastewater.
- In the SCO framework, SAI India contributed to the revision of financial documents governing external audit arrangements of the SCO Secretariat and the SCO Regional Anti-Terrorist Structure (SCO-RATS) and actively participated in the SCO Joint Research Project on Land Desertification Control Audit. SAI India also hosted a webinar on Municipal Solid Waste Management for SCO member SAs.
- Within the BRICS framework, SAI India hosted a webinar on Responsible Artificial Intelligence for member SAs and contributed to the BRICS Joint Research Project on Sustainable Development Audit.
- Beyond these, SAI India has regularly participated in webinars, seminars, and expert exchanges hosted by peer SAs on emerging areas such as artificial intelligence, digital transformation, data-driven auditing, and innovation in public sector auditing, reflecting its sustained commitment to staying at the forefront of global developments in external audit.

- **Signing of MoUs with SAI Sierra Leone and SAI Mauritius:** Bilateral cooperation was strengthened through the signing of MoUs with SAI Sierra Leone and SAI Mauritius, facilitating structured collaboration in training, knowledge exchange, and technical cooperation.
- **Signing of MoU with INTOSAI Development Initiative (IDI):** Comptroller and Auditor General of India and Auditor General of Norway and Chair of the Board of IDI signed an

MoU between CAG and the Office of the INTOSAI Development Initiative. This MoU strengthens collaboration between the two institutions and reflects their shared commitment to transparency, accountability, and good governance. Through enhanced knowledge exchange, professional development, and capacity building, both organisations will work together to further improve public sector auditing standards and oversight practices.

Figure 115: Signing of MoU with INTOSAI Development Initiative (IDI)



- **SAI India hosted study visits and participated in bilateral seminars,** including engagement with delegations from Oman and South Africa and participation in an Indo-Kuwait seminar on auditing in higher education. An 11-member delegation from the Standing Committee on Appropriations of the Parliament of South Africa undertook a benchmarking-cum-study visit to New Delhi from 2–6 February 2026

with the objective of strengthening parliamentary and institutional exchanges between India and South Africa. SAI India also hosted a two-day study visit for a five-member delegation from SAI Oman. The visit was organised to provide the delegation with insights into SAI India's experience in leveraging modern technologies, particularly Artificial Intelligence (AI), in public sector auditing.

Figure 116: Visit of delegation from South Africa



Figure 117: CAG of India and other senior officers with the delegation of SAI Oman



- Visit to Finland for a bilateral meeting with SAI Finland:** A bilateral meeting was held in Helsinki between the Comptroller and Auditor General of India, Mr K. Sanjay Murthy, and the Auditor General of Finland, Mr Sami Yläoutinen, at the Office of the Auditor General, Finland. The Auditor General of Finland and the Director of Audit

presented the mandate, organisational structure and audit processes. Dr. Vivi Niemenmaa delivered a detailed presentation on INTOSAI WGEA, highlighting SAI Finland's work, lessons learnt, best practices and guidance products. The meeting concluded with a free-ranging and constructive exchange of views.

Figure 118: CAG of India during the bilateral meeting with SAI Finland



- **Visit to Czech Republic for bilateral meeting with SAI Czech Republic**

CAG held productive engagements during his visit to the Czech Republic on 9 February 2026 where the delegation met the President of the Supreme Audit Office (NKU)

and senior leadership of SAI Czech Republic. The discussions focused on work allocation to the Vice Chair of the INTOSAI Knowledge Sharing Committee, new audit initiatives, remote audit, and bilateral cooperation.

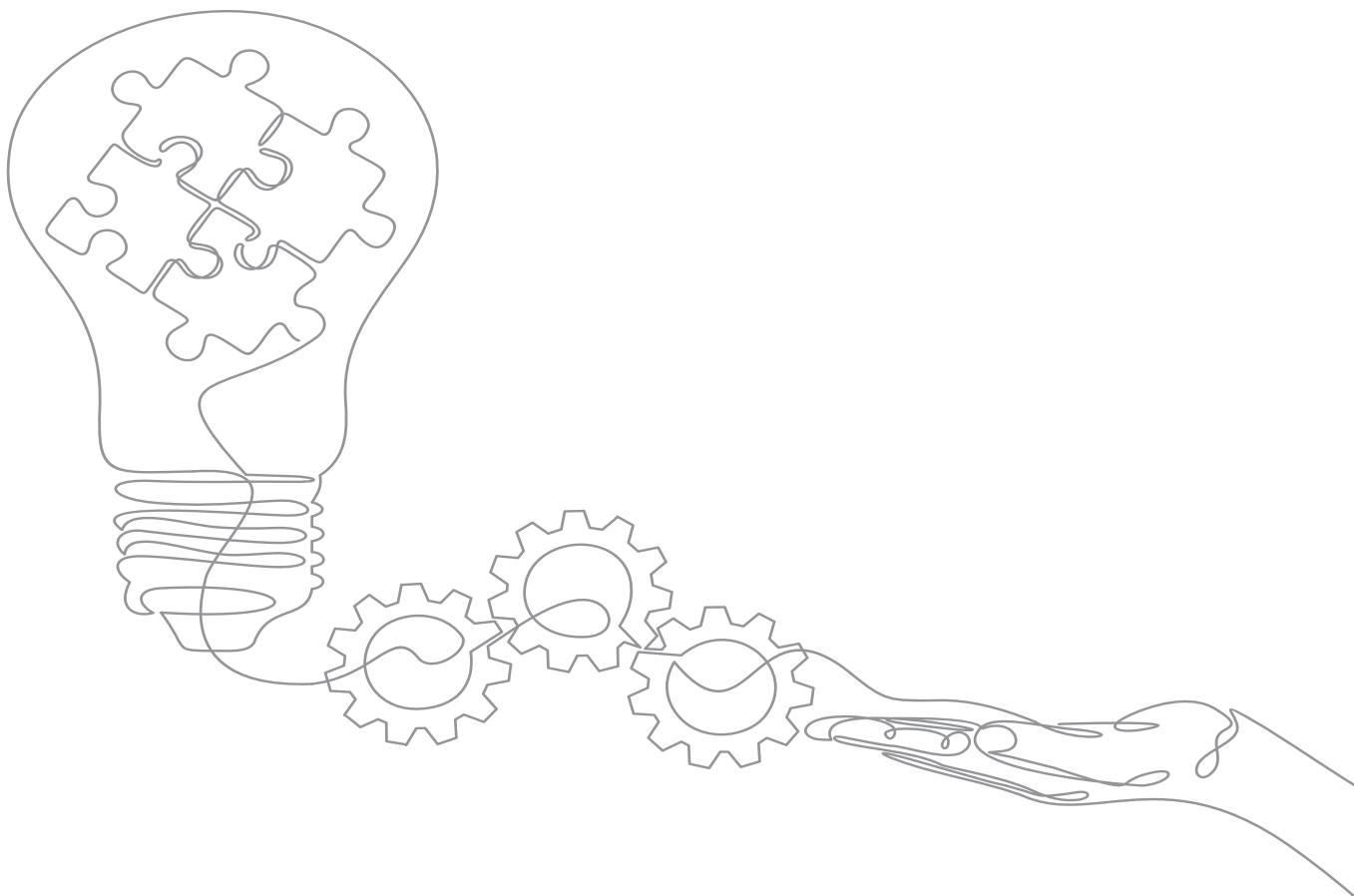
Figure 119: CAG of India during the bilateral meeting with SAI Czech Republic



- **SAI India provided valuable inputs on multiple international forums engaging with INTOSAI and ASOSAI members on cross-cutting themes**

These engagements considerably strengthened international partnerships and led to several positive outcomes like reinforcing SAI India's role as a key contributor to global auditing standards and practices, enhancing institutional capacity of partner SAIs, and establishing mechanisms for sustained cross-

country collaboration and innovation sharing. The engagements also provided an effective platform to showcase several transformative initiatives of the Government of India, including Digital Public Infrastructure (DPI), PM GatiShakti, the Public Financial Management System (PFMS), and other digital governance innovations, highlighting their relevance and potential for adoption in public-sector governance and auditing worldwide.



CHAPTER 04

Adding value to public governance





04

Adding value to public governance

 **The significance of CAG's work extends beyond presentation of audit reports, preparation and certification of accounts and performing entitlements functions.** 

The significance of CAG's work extends beyond presentation of audit reports, preparation and certification of accounts and performing entitlements functions. The wider role of the institution lies in effectively engaging with the legislature and the bureaucratic cadre of the country, to facilitate better stewardship of public resources, foster stronger controls and compliance, and ensure responsive delivery of public services.

CAG's real contribution can be seen in how audit findings, accounting reforms, entitlement-related interventions, capacity building initiatives, institutional innovations and international engagements impact the nation's governance and the international public sector community – the changes that follow CAG's interventions and outputs. These efforts have contributed to recoveries of ₹4,251.34 crore through audit and accounts-related interventions during 2025-26.

The framing principle of this chapter is aligned with INTOSAI-P 12, which recognises that SAIs make a difference to the lives of citizens by strengthening integrity in government. Five themes document the tangible changes flowing from recommendations of audit, accounting and entitlement work done by CAG – with notable contributions from field offices and headquarters during 2025-26,

Figure 120: Value additions to public governance by CAG across multiple thematic areas



covering Union ministries, public sector enterprises, financial institutions and State Governments, case studies in the chapter span areas such as taxation, mining, infrastructure, etc. In each case, value is traced not to the mere acceptance of a recommendation, but to the sequence that follows from it - identification of a governance gap, presentation of evidence, response of the audited entity, and the eventual correction, whether by way of recovery, amendment of rules, redesign of systems, improved compliance or better service delivery.

Taken together, these cases show that our work is both corrective and preventive. It addresses specific instances of loss, leakage, misclassification, delay, weak control or non-compliance, while also preventing recurrence by strengthening the rules, systems and institutional practices. The value additions across areas have been detailed below.

4.1 Legislative, policy and regulatory reforms

The following case studies highlight the tangible impact of CAG's audit interventions in strengthening legislative, policy and regulatory frameworks across sectors and regions.

- Strengthening structural quality norms in Water Resources**
Department, Chhattisgarh: The office of the Accountant General (Audit) Chhattisgarh, Raipur, during the audit, observed that the Schedule of Rates (SoR), 2010 of the Water Resources Department prescribed concrete grades lower than those mandated under IS 456:2000, resulting in use of substandard concrete in 8.51 lakh cubic metre of Plain Cement Concrete (PCC) and 1.49 lakh cubic metre of Reinforced Cement Concrete (RCC) works, along with failure of 93 per cent of test samples. Audit recommended periodic revision of SoR to align with

IS Code 456 and strict adherence to prescribed specifications. Based on audit recommendations, the Department introduced a revised SoR effective May 2025 mandating compliance with IS Code 456. This resulted in strengthening of quality assurance mechanisms, improved structural integrity, and improved durability of major water-resource projects.

- Standardising yield norms in pig iron production, Steel Authority of India Limited:** In SAIL plants, surplus hot metal not processed by the Steel Melting Shop is diverted to Pig Casting Machines to produce pig iron, which generates comparatively lower revenue. Except for Rourkela Steel Plant, which had set an 85 per cent yield norm, plants such as Bhilai, Durgapur, and Bokaro followed static yield percentages without assessing actual operational outcomes. The average yield during 2017–24 ranged from 86 to 92 per cent, with annual yield losses of 7 to 17 per cent. Audit by the office of Director General of Audit (Steel), Ranchi, observed that yield norms were not standardised across plants and were not aligned with actual production conditions, leading to losses of 77,870 tonnes of pig iron valued at ₹249.66 crore. Based on audit intervention, uniform yield norms were fixed for Pig Casting Machines across all of SAIL plants/units resulting in improved operational efficiency, reduced process losses, and better revenue realisation from pig-iron production.

public funds, correction of revenue leakages, and improvements in financial systems, procurement and investment practices, resulting in stronger fiscal discipline, transparency and accountability.

- Recovery of shunting charges, East Central Railway:** Under Rate Circular 14 of 2009 (Ministry of Railways, Government of India), shunting charges were required to be levied based on services provided by the Railways to a privately owned siding company. The office of the Principal Director of Audit, Railway, Kolkata, during the audit, observed that shunting charges for services rendered during April 2020 to March 2023 were not billed due to deficiencies in billing and monitoring systems, resulting in non-assessment of ₹27.54 crore. Based on audit observations, pending dues were assessed and recovered, resulting in the realisation of ₹24.91 crore and strengthening of billing mechanisms and internal controls.
- Audit-led strengthening of billing efficiency and additional revenue mobilisation in Uttarakhand Power Corporation Limited (UPCL):** Audit identified non-enforcement of key regulatory requirements relating to recovery of Additional Security Deposits (ASD), enhancement of contracted load for high-consumption domestic consumers, levy of enhanced penalties on persistent load violators and regulation of instalment facilities granted to defaulters. Audit recommended strict enforcement of existing norms governing ASD recovery, contracted load enhancement, and deterrent penalties for repeated load violations. Based on audit recommendations, systems were strengthened, resulting in recovery of ₹328 crore as additional security deposits, ₹47.78 crore in penalties by October 2025. The cumulative financial impact exceeded ₹400 crore, while also improving load

4.2 Financial recovery and strengthening public finances

These case studies highlight CAG's impact in safeguarding public finances and strengthening financial governance across sectors and levels of government. The cases show how audit findings led to recovery of

discipline, regulatory compliance, network efficiency and the long-term commercial viability of the State DISCOM.

- Detection of incorrect allowance of deductions relating to bad and doubtful debts, Income Tax Department:** As part of the performance audit of exemptions and deductions claimed by Banks and Non-Banking Financial Companies (NBFCs) in assessments completed by the Income Tax Department, the office of the Principal Director of Audit (Central), Mumbai, observed incorrect allowance of deductions and computation errors in tax assessments of the banking sector entities. Based on audit findings, reassessment and recovery proceedings were undertaken, resulting in recovery of ₹3,389 crore and strengthening of tax assessment processes.
- Creation of the Oil Industry Development Fund (OIDF) and transfer of cess proceeds:** The Office of the Director General of Audit (Finance and Communication), during the audit, observed that cess collected on crude oil by the Government amounting to ₹2,93,948.16 crore till 2023-24 was not transferred due to non-creation of a designated fund. Based on audit intervention, the need for proper accounting and earmarking of cess proceeds was highlighted. During 2024-25, the Union Government created the Oil Industry Development Fund as a Reserve Fund and transferred ₹17,730 crore to it. This is a significant change in accounting/ fund management arrangement relating to transfer and earmarking of cess proceeds on crude oil in Government Accounts.
- Correction of financial statements of NIMHANS through certification audit:** During the Certification Audit of the National Institute of Mental Health and Neurosciences

(NIMHANS) for the financial year 2024–25 by the office of the Principal Director of Audit (Central), Bengaluru, discrepancies were identified in the initially submitted financial statements. As part of the audit process, the financial statements were examined for accuracy, completeness, and adherence to applicable accounting standards. The observations formed part of the Separate Audit Report (SAR) for NIMHANS for 2024–25. In response, NIMHANS undertook a revision of the accounts, updating the relevant schedules and statements to reflect accurate financial positions and ensure compliance with the principles of transparency and reliability expected in certification audits. On revision, expenditure was revised by ₹5.57 crore and the year's result moved from a deficit of ₹2.01 crore to a surplus of ₹3.42 crore, improving the accuracy and reliability of the certified accounts.

- Creation of Budget Stabilisation Fund, Jharkhand:** Jharkhand's fiscal position was vulnerable to volatility due to its dependence on mining-based revenues. Odisha had addressed a similar challenge by establishing a Budget Stabilisation Fund (BSF), earmarking a portion of its mining-related receipts as a fund to cushion sudden revenue shortfalls : an initiative deliberated at the 2nd Conference of State Finance Secretaries in September 2025 as a best practice for fiscal sustainability.

The Office of the Principal Accountant General (A&E), Jharkhand, worked with the State Finance Department to design the accounting and operational framework for the Fund, with dedicated reserve fund accounting and reporting, a clear audit trail and an investment interface. Following its notification, the State Government approved an initial contribution of ₹832 crore during 2025–26 for investment through the Reserve Bank of India,

creating a structured fiscal buffer and strengthening fiscal resilience, transparency and accountability in fund management.

4.3 Compliance, control and risk management

The case study highlights how audit findings have helped strengthen monitoring systems and improve adherence to regulations, leading to more robust and accountable safety frameworks.

- Strengthening safety management framework in Steel Authority of India Limited (SAIL):** The office of the Director General of Audit (Steel), Ranchi, observed persistent safety compliance gaps across SAIL plants such as Bhilai, Rourkela, and Durgapur Steel Plant, including non-functional fire detection systems, non-testing of safety equipment, and weak adherence to statutory provisions under the Factories Act, 1948. At Durgapur Steel Plant, deficiencies in supervision, lack of adequate Standard Operating Procedures, and unsafe track and slag handling practices culminated in a fatal accident on 20 November 2022, resulting in the death of three workers. Audit recommended that the management ensure periodic conduct of safety audits, with continuous monitoring and follow-up of compliance with the recommendations of such audits, to maintain a safe working environment. Audit intervention strengthened the safety framework across SAIL's integrated steel plants. The engagement of safety consultants, systematic follow-up on audit findings, and revision of SOPs reflect a strengthened institutional commitment to operational safety.

4.4 Environmental, social and governance

The case shows how we have supported policy improvements, leading to improved

targeting of beneficiaries, efficient use of resources and increased transparency and accountability.

- Extension of housing and education benefits for tea tribes, Government of Assam:** Audit of welfare schemes for tea tribes in Assam revealed lack of land ownership among 87 per cent of workers, and deficiencies in school access contrary to the Right to Education Act, 2009. The office of the Accountant General (Audit), Assam, during the audit, recommended improving housing access, and ensuring adequate school infrastructure. In response, the Assam Fixation of Ceiling on Land Holdings (Amendment) Act, 2025 was enacted, and land deeds were distributed to 28,000 workers (March 2026), supported by an online portal for land applications. Additionally, 118 tea garden model schools were completed and 100 more were under construction. These measures enhanced livelihood opportunities, improved housing security, and strengthened access to education.
- Improving healthcare access for ex-servicemen:** During the Performance Audit of the Ex-Servicemen Contributory Health Scheme (ECHS), the Office of the Director General of Audit (Defence Services), New Delhi engaged beneficiaries and ex-servicemen associations to identify gaps in healthcare delivery. Audit highlighted inadequate and uneven distribution of empaneled Healthcare Organisations (HCOs), including under Regional Centre Patna, where 20 of 28 HCOs were concentrated in Patna city, leaving most districts without an empaneled facility. Following the audit, empanelment norms for Tier-II and Tier-III cities were relaxed and corrective action was initiated. Subsequently, 67 new HCOs were empaneled across the six test-checked Regional Centres, including five in

Bihar, improving the geographical reach of healthcare services. The intervention demonstrated how stakeholder-informed audit can prompt timely corrective action and improve access to healthcare for ex-servicemen and their dependents.

4.5 Digitisation and technology in governance

These case studies highlight how technology-enabled interventions have strengthened processes, reduced errors and improved monitoring. They span areas such as ERP-based financial systems, DBT implementation, inventory management and data-driven audit approaches.

- **Direct Benefit Transfer Integrity, Government of Maharashtra (COVID Ex-gratia):** Revenue and Forest Department (Relief and Rehabilitation), Government of Maharashtra, approved ex-gratia assistance of ₹50,000 from the State Disaster Response Fund (SDRF) to the next of kin of individuals who died due to COVID-19. The office of the Principal Accountant General (Audit I) Maharashtra, Mumbai, during the audit, identified duplicate beneficiary records leading to excess payments of ₹3.84 crore. Responding to the audit findings, the modification of the DBT system significantly improved its robustness in preventing duplicate and fraudulent applications for ex-gratia assistance. The Government also recovered ₹92.50 lakh as of December 2024.
- **API integration of FinAssam and Voucher Level Computerisation System (VLCS), Assam:** Delays in consolidation of accounts were observed due to lack of integration between the Integrated Financial Management Information System (FinAssam) and the Voucher Level

Computerisation System (VLCS). Based on intervention by the office of the Principal Accountant General (A&E), Assam, the systems were integrated to enable seamless data flow between treasury and accounting systems. The issue of integration and interoperability of public finance IT systems was also deliberated during the 2nd Conference of State Finance Secretaries, where States were encouraged to integrate their IFMS with the VLCS. As part of this initiative, the Government of Assam introduced a first-of-its-kind Application Programming Interface (API) integration between FinAssam and the VLCS of the Principal Accountant General (A&E). This resulted in improved timeliness in compilation of accounts, reduction in manual intervention, and enhanced accuracy in financial reporting.

- **ERP-Based Financial Control Systems, West Bengal Housing Infrastructure Development Corporation (WBHIDCO):** A review of contractor payments processed through the ERP platform SAP and Suite 4 – High Performance Analytic Appliance (S/4HANA) by West Bengal Housing Infrastructure Development Corporation Ltd revealed critical gaps (deficiencies in the validation logic, failure of preventive system checks, and inadequate quality assurance processes during ERP implementation) in system controls. Following the intimation by the Principal Accountant General (Audit-I), West Bengal, an enquiry was conducted, and the developer of the ERP system submitted a report. Corrective action resulted in full recovery of the ₹3 crore that had been erroneously paid to vendors, preventing financial loss to WBHIDCO.

CHAPTER 05

Looking Ahead

New Initiatives to build momentum for 2026-27





05

Looking Ahead

New Initiatives to build momentum for 2026-27



In 2023, SAI India adopted a Strategic Plan for the period 2023-30 with four broad goals and ten pillars to transform, standardise, and institutionalise the organisation's core functions as well as internal processes.



The year 2025-26 saw the commencement of several new initiatives or work processes strengthened during the year. SAI India aims to build on this momentum in the coming years as well – focusing most on initiatives pertaining to enhancing audit quality, improved accounting & entitlement services, key digital capabilities, and institutional responsiveness to meet the emerging demands of public accountability and governance.

New Initiatives to build momentum for 2026-27

SAI India intends to continue to evolve and improve and reinforce CAG's role as a forward-looking public audit institution.

5.1 Strategic Roadmap of SAI India 2026-30

In 2023, SAI India adopted a Strategic Plan for the period 2023-30 with four broad goals and ten pillars to transform, standardise, and institutionalise the organisation's core functions as well as internal processes. To ensure continued relevance beyond initial years, organisational priorities were realigned with new initiatives and emerging developments in 2026.

The realigned roadmap would be focusing on improvements to the institution's internal processes, international positioning, credibility & quality and value creation for the public domain. The ten pillars of the strategic roadmap are explained below:

Figure 121: Pillars of Strategic Roadmap 2026-30

					
	Focus on data-led audits	Sector-focused audits	Focus on all-India & Union-level audits	Accounts & Entitlements	International Relations
Objective	Move from traditional audits to analytics-driven assurance	Curation of robust audit design matrices (ADMs) & guidelines and conducting focused audits in key high-impact sectors	Undertake coordinated all-India/ Union level audits of national importance.	Build a fully digital workflow and data-centric financial management ecosystem.	Strengthen India's leadership in the international audit community
Expected Outcome	Better risk identification Improved audit coverage Evidence-based audit conclusions	Curation of robust ADMs & guidelines Consistent audit of national themes and priorities	Audits aligned with national priority	Stronger Public Financial Management Paperless processes Data-enabled decision making	Enhanced global visibility Stronger international position and partnerships
					
	Capacity Building Initiatives	Human Resource Transformation	Governance & Finance Strengthening	Outreach Initiatives	Information Systems & AI Transformation
Objective	Future-proof the workforce through continuous learning.	Build a high-performance and agile organisation	Improve audit quality and create greater value for stakeholders.	Showcase institutional value and strengthen public trust.	Become a digitally empowered audit institution.
Expected Outcome	Future-ready workforce Strong knowledge management culture	Merit-driven performance culture Rationalised work force Better talent acquisition, retention and promotion Strengthened work ethics	Strengthened governance Enhanced stakeholder engagement Improved work processes and products Action-oriented recommendations	Greater visibility Stronger public outreach	AI/Technology enabled auditing Enterprise-wide analytics Revamped Information Systems infrastructure

The roadmap reflects a deliberate shift towards technology-enabled audit, in response to the changing contours of public administration and public financial management. This strategic roadmap is envisaged to bring about long term – institutional as well systemic outcomes, like:

- Creation of a workforce with deep sectoral expertise in sectors like power, logistics, urban finance, etc. This will further elevate CAG India's leadership standing and expertise in implementing audit mandate.

- Audit reports generated by CAG will operate as predictive intelligence, not merely compliance-oriented documents. Audit data will also be more widely accessible for increased use by academicians, media, civil society and other stakeholders.
- Institutionalised outreach efforts (management letters, executive summaries, etc.) will make audit more auditee-friendly and enhance public awareness.

messages in a concise and accessible form, highlighting both areas of progress and areas requiring attention. This initiative is intended to strengthen follow-up, support informed administrative action, and enhance the practical value of audit through clearer and more actionable communication.

Within the broader strategy, 3 Management Letters (MLs) have been issued in 2025-26. Management Letters on several key sectors are planned to be issued during 2026-27.

5.2 Organisational KPIs

The CAG introduced the IA&AD Organisational KPI Framework to provide a practical, fair and measurable basis for tracking performance across the IA&AD teams. The framework, which was worked upon in 2025-26 will take forefront in the next year and be implemented across all IA&AD via a dedicated portal that will be developed to seamlessly collate inputs of headquarters and field offices.

5.3 Management letters

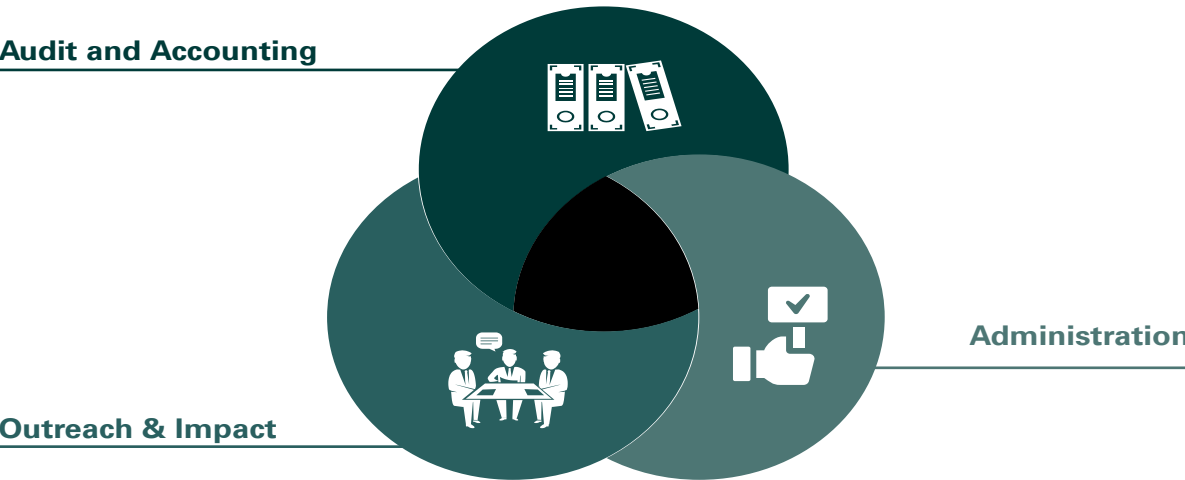
Management Letters were introduced in 2025-26 as a focused communication tool for engagement with State and Union authorities. These letters present key audit

5.4 CAG 101 Innovation Ideas initiative - to foster a long-term culture of innovation

To strengthen a culture of innovation and encourage bottom-up problem-solving, SAI India has conceptualised the CAG 101 Innovation Ideas Initiative as a flagship platform for staff-led innovation and institutional transformation. The initiative seeks to harness ideas from personnel across 126+ offices to develop innovative, scalable and actionable solutions aligned with emerging needs in public sector audit, including digital transformation, AI-enabled systems, real-time oversight and citizen-centric accountability.

The initiatives are anchored around three broad pillars:

Figure 122: Three pillars anchoring CAG 101 Innovation Ideas initiative



Ideas are invited from across IA&AD under defined thematic areas, including:

Figure 123: Thematic areas under 101 Innovation Ideas Initiative

Theme A	Audit planning, risk identification and execution Methodologies
Theme B	Business Process Reengineering: Audit, Accounts and Institutional Products and Outputs
Theme C	Institutional Process Improvements, Workforce and Capacity Building
Theme D	Stakeholder Outreach, Collaboration and Public Engagement

These themes promote improved efficiency, stronger oversight, modernised processes and enhanced audit outcomes.

The initiative is governed through three Filtering Committees (Union Level, States and Others) and an apex Empowered Committee. The top seven innovations shall be showcased on Audit Diwas and associated event celebrations on 16-17th November 2026, while suitable proposals shall be considered for recommendation to National Awards for e-Governance (NAeG).

A dedicated digital portal supports submissions, evaluation, mentoring and knowledge-sharing. The 2026–27 cycle covers submissions, evaluation, mentoring and final showcase, followed by dissemination and adoption of selected innovations.

Taken forward as a strategic priority, the CAG 101 Innovation Ideas Initiative is being developed further with Phase-2 focusing on:

- Dedicated financial and technical support for shortlisted innovations, including partnerships for sandbox environments and specialist guidance.

- Pilot deployments in select offices, followed by phased scaling across the institution.
- Enhanced institutionalisation, including successive annual rounds of the initiative, and integration with priority audit themes.

Envisaged as an annual flagship event, the initiative aims to embed innovation into organisational processes, encourage continuous improvement and support the transition towards modern and impactful auditing practices.

5.5 Digital reports – SFAR

State Finances Audit Reports (SFARs) are being transformed into interactive digital resources by creating dynamic visualisation dashboards. This is earmarked as a key initiative for 2026-27, taking forward the work accomplished in 2025-26.

- A major milestone this year has been the development of 64 interactive dashboards for the SFARs, covering a decade of fiscal data up to 2022-23.

These dashboards present information across four key themes – Receipts, Expenditure, Debt and Liabilities, and Fiscal Indicators – allowing comparison of trends across States.

- The digital versions of the Gujarat and Odisha SFARs have also been made available through a dedicated digital reporting platform for easier navigation of findings and supporting data.
- CAG team shall continue the work of transforming SFARs into interactive dashboards in 2026-27.

• 5.6 Bringing Grievance Redressal onto a Unified Digital Platform

There are multiple channels for grievance redressal at CAG – a) through State-AG offices, b) direct communication with CAG offices, or c) via centralised platforms such as CPGRAMS. Grievances can also be submitted through the “Complaints/ Suggestions/Feedback” sections of State-AG websites, with escalation mechanisms available at both State and central levels.

Building on these existing arrangements, CAG teams have made efforts this year to transition towards a unified, technology-enabled grievance redressal system that

allows addressing grievances from all avenues on a single portal.

- A unified grievance redressal portal, CAG Online Grievance Redressal Management System (COGRMS), is in the pipeline to be launched in the coming year, with rollout across offices to enable standardised, end-to-end digital processing of grievances.
- The initiative draws on implementation in offices such as Jharkhand, where digital grievance systems have already been operationalised.
- The initiative is expected to enhance transparency, as well as timeliness and accountability through real-time tracking of grievances and improved user accessibility to follow up on grievances.
- It could provide for centralised tracking of action taken on grievances.

• 5.7 Cybersecurity audits

The growing interface of audit with digital systems has highlighted gaps in assessing cybersecurity risks within traditional audit approaches. To bridge this gap, the IS Wing of SAI India formulated during 2025-26, a plan for pilot on Cybersecurity Audit comprising the following activities:

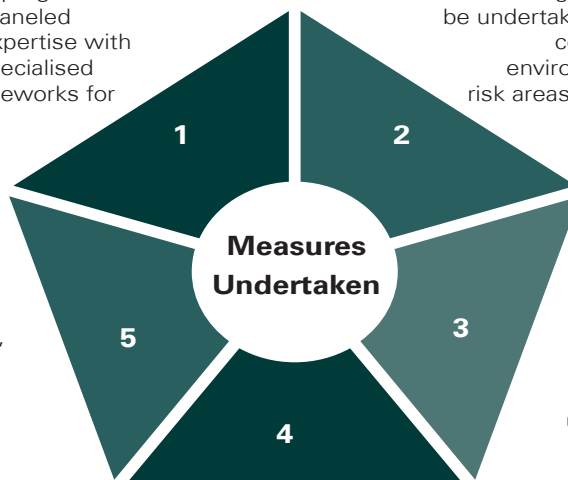
Figure 124: Key activities undertaken to pilot cybersecurity audits

Building new audit capability

Structured cybersecurity audit programme initiated through CERT-IN empaneled vendor, combining technical expertise with audit experience to develop specialised methodologies, tools and frameworks for cybersecurity assessment.

Creation of institutional capability and frameworks

Work has been initiated to develop a comprehensive cybersecurity audit framework, including guidance material, checklists, tools and training resources, for adoption across audit offices.

**Pilot in critical infrastructure**

Audit engagements were planned to be undertaken to assess cybersecurity controls in large-scale digital environments and to identify key risk areas and develop relevant audit approaches.

Development of methodology through pilots

Pilot audits were leveraged to establish audit methodologies, refine assessment techniques and build sector-specific understanding, forming the basis for wider adoption.

Expansion across the ecosystem

The programme is being progressively extended to critical sectors such as taxation, immigration, metro systems and power networks, to broaden audit coverage of cybersecurity risks in governance systems.

*CERT-IN: Indian Computer Emergency Response Team

The pilot is expected to lay the foundation for institutionalising Cybersecurity Audits in the future. This audit will enable structured assessment of cyber risks in critical systems and compliance to CERT-IN and MeITY guidelines, backed by a specialised cybersecurity audit capability within CAG. It has been introduced with the intention of:

- Enhancing audit relevance in technology-driven environments by including system security, resilience and cyber risk management.
- Building institutional capacity through technical collaboration and pilot learning, thereby enabling wider adoption across IA&AD.

5.8 Certification on Audit of Digital Systems (CADS)

With rapid digitisation of governance auditors are increasingly required to

assess complex digital ecosystems beyond traditional audit frameworks.

Existing global certifications, while robust, are not tailored to the Indian public-sector's digital governance context, creating a critical capability gap. To address this, SAI India has developed the Certification on Audit of Digital Systems (CADS) in collaboration with IIT Madras. Envisioned as a first-of-its-kind, sovereign professional certification, CADS is designed to build a cadre of auditors equipped in six core areas of digital audits given here.

While tailored to Indian governance systems and regulatory requirements, the curriculum draws upon both national and globally recognised frameworks and standards. The programme is also carefully mapped against the CAG's existing internal examination structure, with a view to rationalising and eventually integrating the systems.

Figure 125: Areas of digital audits under CADS

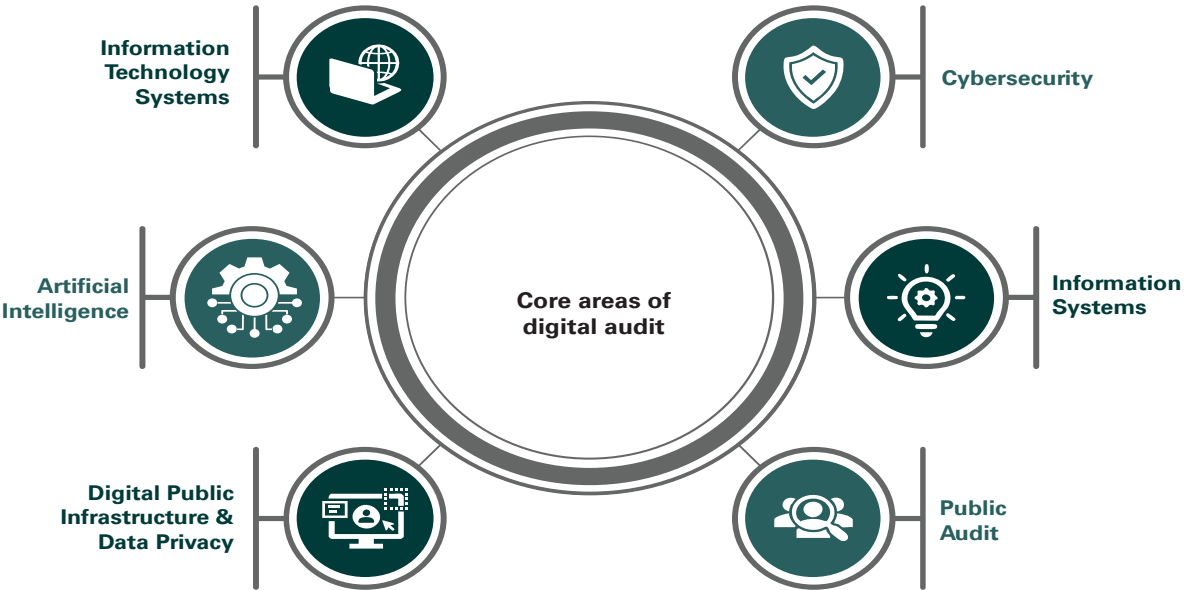


Figure 126: Competency levels of the programme

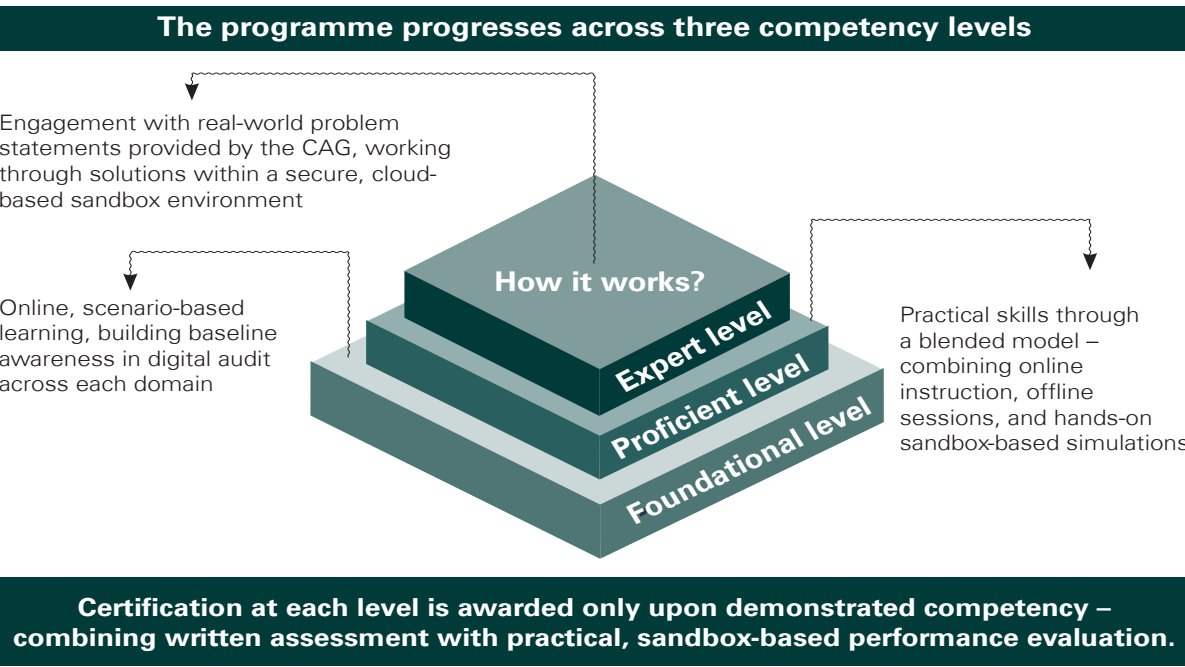


Figure 127: Standards and guidelines referred to for CADS



The programme has already moved from design to implementation, with the following activities planned:

- Foundation level scheduled for rollout as a SWAYAM plus course, ensuring accessibility at scale.
- Pilot deployment planned for the second half of 2026, followed by phased national expansion.
- Training over 14,000 personnel over the next five years, supported by a structured, credit-based progression pathway aligned with career development.

CADS represents a strategic shift in audit capability development, positioning SAI India at the forefront of digital audit standards globally.

5.9 Expanding the Decadal Analysis of State Finances

Building on the successful publication of two editions of 'Decadal Analysis of State Finances' covering fiscal trends across 28 States and a period of over 10 years, SAI India plans to further strengthen the Decadal Analysis of State Finances initiative during 2026-27. The initiative will expand analytical coverage to include emerging fiscal issues, deeper examination of expenditure quality, debt sustainability, and sectoral outcomes. Efforts will also be directed towards enriching the interactive State Finances Dashboard with additional visualisation, longer time-series datasets, and enhanced inter-State benchmarking capabilities. Through wider dissemination of machine-readable fiscal datasets and advanced analytical products, the initiative will continue to support evidence-based policymaking, research, and informed public financial management.

Annexure I

Annual expenditure, *capacity building, and resource management in CAG organisation*



Annexure II

GPF and Pension

*functions with State
Accountants General (A&E)*



Annexure III

Work allocation

*of Field Audit Offices under
Commercial Audit Wing*



Glossary

AAB	Audit Advisory Board
AAO	Assistant Audit/Accounts/ Administrative Officer
AC	Abstract Contingent Bill
ACM	Audit Committee Meeting
ADAI	Additional Deputy Comptroller and Auditor General
ADM	Audit Design Matrix
A&E	Accounts and Entitlement
AG	Accountant General
AI	Artificial Intelligence
AIC	Audit Impact Cell
AIPS	Agency-Wide Information System for Programme Support
AJNIFM	Arun Jaitley National Institute of Financial Management
AMDP	Advanced Management Development Programme
AMG	Audit Management Group
APAR	Annual Performance Assessment Report
API	Application Programming Interface
ARU	Account Rendering Unit
ASD	Additional Security Deposit
AsG	Accountants General
ASOSAI	Asian Organisation of Supreme Audit Institutions

ASOSAI WGITA & DA	Asian Organisation of Supreme Audit Institutions Working Group on Information Technology Audit & Data Analytics
ASSOCHAM	Associated Chambers of Commerce and Industry of India
ATN	Action Taken Note
BCO	Budget Controlling Officer
BDL	Bharat Dynamics Limited
BEL	Bharat Electronics Limited
BEML	Bharat Earth Movers Limited
BISAG-N	Bhaskaracharya National Institute for Space Applications and Geo-informatics
BOCW	Building and Other Construction Workers
BRAP	Business Reforms Action Plan
BRICS	Brazil, Russia, India, China and South Africa
BSF	Budget Stabilisation Fund
BTP	Bilateral Training Programme
CA	Chartered Accountant
CA	Compliance Audit
CADS	Certification on Audit of Digital Systems
CAG	Comptroller and Auditor General
CAPEX	Capital Expenditure
CAS	Compliance Audit Subcommittee
CBDT	Central Board of Direct Taxes

CCTV	Closed-Circuit Television
CDA	Controller of Defence Accounts
CDMA	Centre for Data Management and Analytics
CDPSE	Certified Data Privacy Solutions Engineer
CDS	Chief of Defence Staff
CEA	Central Expenditure Audit
CEDAR	Centre of Excellence in Digital Audit of Revenue
CERT-In	Indian Computer Emergency Response Team
CFMS	Comprehensive Financial Management System
CGA	Controller General of Accounts
CGDA	Controller General of Defence Accounts
CII	Confederation of Indian Industry
CISA	Certified Information Systems Auditor
CISM	Certified Information Security Manager
CISSP	Certified Information Systems Security Professional
CKR	Centralised Knowledge Repository
CMD	Chairman and Managing Director
CMI	Competitiveness Mindset Institute
CoE	Centre of Excellence
CoEFA	Centre of Excellence for Financial Audit
COGRMS	CAG Online Grievance Redressal Management System

CONCOR	Container Corporation of India
CoP	Community of Practice
CoPU	Committee on Public Undertakings
COVID	Coronavirus Disease
CPD	Continuous Professional Development
CPGRAMS	Centralized Public Grievance Redress and Monitoring System
CPSE	Central Public Sector Enterprise
CPSU	Central Public Sector Undertaking
CR	Central Region
CRA	Central Revenue Audit
CRISC	Certified in Risk and Information Systems Control
DAG	Deputy Accountant General
DAGE	Divisional Accountant Grade Examination
DAI	Deputy Comptroller and Auditor General
DBT	Direct Benefit Transfer
DC	Detailed Contingent Bill
DCT	Departmental Confirmatory Test
DDO	Drawing and Disbursing Officer
DFCCIL	Dedicated Freight Corridor Corporation of India Limited
DG	Director General
DGA	Director General of Audit
DIBD	Digital India Bhashini Division
DISCOM	Distribution Company

DMS	Document Management System
DORF	Desk Review of Returns and Financials
DP	Draft Paragraphs
DPC Act	Duties Powers and Conditions of Service Act
DPI	Digital Public Infrastructure
DPIIT	Department for Promotion of Industry and Internal Trade
DPTI	Defence Pension Training Institute
DRDO	Defence Research and Development Organisation
ECHS	Ex-Servicemen Contributory Health Scheme
ECOSOC	Economic and Social Council
EDP	Executive Development Programme
e-HRMS	Electronic Human Resource Management System
EoDB	Ease of Doing Business
EOW	Economic Offences Wing
ER	Eastern Region
ERP	Enterprise Resource Planning
ESG	Environmental Social and Governance
ETL	Extract, Transform and Load
FAO	Field Audit Offices
FAO	Food and Agriculture Organisation
FASII	Federation of Associations of Small Industries of India
FC	Finance Commission
F&C	Finance & Communication

FICCI	Federation of Indian Chambers of Commerce and Industry
FIPP	Forum for INTOSAI Professional Pronouncements
FISME	Federation of Indian Micro and Small & Medium Enterprises
FLN	Foundational Literacy and Numeracy
FOSMI	Federation of Small & Medium Industries
GA	Government Accounts
GASAB	Government Accounting Standards Advisory Board
GE	Gazetted Entitlement
GIS	Geographic Information System
GPF	General Provident Fund
GPO	Gratuity Payment Order
GSAI	Global SAI Accountability Initiative
GST	Goods and Services Tax
GTF	Global Training Facility
HAG	Higher Administrative Grade
HAL	Hindustan Aeronautics Limited
HCO	Healthcare Organisation
HEI	Higher Education Institution
HoD	Head of Department
HR	Human Resources
HRMS	Human Resource Management System
IA&AD	Indian Audit and Accounts Department
IA&AS	Indian Audit and Accounts Service

IAEA	International Atomic Energy Agency
IAG	Integrated Audit Group
IARC	International Agency for Research on Cancer
iBEMS	Integrated Budget and Expenditure Monitoring System
ICAI	Institute of Chartered Accountants of India
iCAL	International Centre for Audit of Local Governance
ICD	Inland Container Depot
iCED	International Centre for Environment Audit and Sustainable Development
iCISA	International Centre for Information Systems and Audit
ICSSR	Indian Council of Social Science Research
IDI	INTOSAI Development Initiative
IFMIS	Integrated Financial Management Information System
IFMS	Integrated Financial Management System
IFPP	INTOSAI Framework of Professional Pronouncements
IGAS	Indian Government Accounting Standard
iGOT	Integrated Government Online Training
IIDMS	Irrigation Intelligent Data Management System
IIM	Indian Institute of Management
IIM K	Indian Institute of Management Kozhikode

IIT	Indian Institute of Technology
ILO	International Labour Organisation
INCOSAI	International Congress of Supreme Audit Institutions
INI	Institution of National Importance
INTOSAI	International Organisation of Supreme Audit Institutions
IoT	Internet of Things
IPAI	Institute of Public Auditors of India
I&PR	Inspection and Peer Review
IR	Inspection Report
IR	International Relations
IREPS	Indian Railways e-Procurement System
IS	Information Systems
ISRO	Indian Space Research Organisation
ISMS	Information Security Management System
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
ITC-ILO	International Training Centre of the International Labour Organisation
ITP	International Training Programme
JAM	Jan Dhan-Aadhaar-Mobile
K&CB	Knowledge and Capacity Building
KPI	Key Performance Indicator
KSC	Knowledge Sharing and Knowledge Services Committee

KYC	Know Your Customer
LB	Local Body
LGA	Local Government Audit
LLM	Large Language Model
LMS	Learning Management System
MCA	Ministry of Corporate Affairs
MCA	Monthly Civil Accounts
MCQ	Multiple Choice Question
MCTP	Mid-Career Training Programme
MD	Managing Director
MDP	Management Development Programme
MeitY	Ministry of Electronics and Information Technology
MIDHANI	Mishra Dhatu Nigam Limited
MIS	Management Information System
MKI	Monthly Key Indicator
ML	Machine Learning
ML	Management Letter
MMIS	Materials Management Information System
MMTAL	Multimodal Transport and Logistics
MoD	Ministry of Defence
MoPSW	Ministry of Ports, Shipping and Waterways
MoRTH	Ministry of Road Transport and Highways
MOSIP	Modular Open-Source Identity Platform
MoSPI	Ministry of Statistics and Programme Implementation

MoU	Memorandum of Understanding
MP-IDSA	Manohar Parrikar Institute for Defence Studies and Analyses
MSME	Micro, Small and Medium Enterprises
NAAA	National Academy of Audit and Accounts
NACIN	National Academy of Customs, Indirect Taxes and Narcotics
NAeG	National Awards for e-Governance
NBFC	Non-Banking Financial Company
NCERT	National Council of Educational Research and Training
NCS	New Compilation System
NER	North-Eastern Region
NHPC	National Hydroelectric Power Corporation Limited
NIC	National Informatics Centre
NIMHANS	National Institute of Mental Health and Neurosciences
NIPFP	National Institute of Public Finance and Policy
NIPUN	National Initiative for Proficiency in Reading with Understanding and Numeracy
NIRDPR	National Institute of Rural Development and Panchayati Raj
NITI	National Institution for Transforming India
NIUA	National Institute of Urban Affairs
NLP	Natural Language Processing
NMAM	National Municipal Accounts Manual

NMET	National Mineral Exploration Trust
NPCI	National Payments Corporation of India
NR	Northern Region
NRA	Natural Resource Accounting
NSWS	National Single Window System
NTPC	National Thermal Power Corporation Limited
OCR	Optical Character Recognition
OIDF	Oil Industry Development Fund
OIOS	One IAAD One System
OPCW	Organisation for the Prohibition of Chemical Weapons
OTs	Officer Trainees
PA	Performance Audit
PAC	Public Accounts Committee
PAG	Principal Accountant General
PCC	Plain Cement Concrete
PCDA	Principal Controller of Defence Accounts
PDA	Principal Director of Audit
PFC	Power Finance Corporation
PFMS	Public Financial Management System
PGCIL	Power Grid Corporation of India Limited
PHDCCI	PHD Chamber of Commerce and Industry
PM Gati Shakti	Prime Minister Gati Shakti
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMI	Power Management Institute

PMS	Payroll Management System
PoC	Proof of Concept
PPG	Professional Practices Group
PPO	Pension Payment Order
PPP	Public-Private Partnership
PRIDE	Parliamentary Research and Training Institute for Democracies
PSU	Public Sector Undertaking
RA	Revenue Audit
RAA	Royal Audit Authority
RBI	Reserve Bank of India
RC	Report Central
RCBKI	Regional Capacity Building and Knowledge Institute
RCBKI/Cs	Regional Capacity Building and Knowledge Institutes/Centres
RCC	Reinforced Cement Concrete
R&D	Research and Development
R-DAC	Remote Digital Audit Cell
RDSS	Revamped Distribution Sector Scheme
R&E	Revenue and Expenditure
SAB	State Autonomous Body
SAI	Supreme Audit Institution
SAIL	Steel Authority of India Limited
SAO	Senior Audit Officer
SAP	Systems Applications and Products
SAR	Separate Audit Report
SAS	Subordinate Audit/Accounts Service

SCO	Shanghai Cooperation Organisation
SCO-RATS	SCO Regional Anti-Terrorist Structure
SDG	Sustainable Development Goal
SDP	Strategic Development Plan
SDRF	State Disaster Response Fund
SEBI	Securities and Exchange Board of India
SECI	Solar Energy Corporation of India
SEMP	Strategic Estate Management Plan
SFAR	State Finances Audit Report
SHI	Staff Health Insurance
SIDM	Society of Indian Defence Manufacturers
SMAM	State Municipal Accounting Manual
SMET	State Mineral Exploration Trust
SNA	Single Nodal Agency
SOP	Standard Operating Procedure
SoF	Statement of Facts
SoR	Schedule of Rates
SPARROW	Smart Performance Appraisal Report Recording Online Window
SPARSH	System for Pension Administration–Raksha
SPOC	Single Point of Contact
SPSE	State Public Sector Enterprise
SPSU	State Public Sector Undertaking
SQL	Structured Query Language
SR	Southern Region

SSCA	Subject Specific Compliance Audit
SST	Schedule of Settlement with Treasuries
SSWS	State Single Window System
SWAYAM	Study Webs of Active Learning for Young Aspiring Minds
TA	Travelling Allowance
TGS	Technical Guidance and Support
UAT	User Acceptance Testing
ULB	Urban Local Body
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNBoA	United Nations Board of Auditors
UNDRR	United Nations Office for Disaster Risk Reduction
UNEP	United Nations Environment Programme
UNICC	United Nations International Computing Centre
UNJSPF	United Nations Joint Staff Pension Fund
UPCL	Uttarakhand Power Corporation Limited
UPI	Unified Payments Interface
UT	Union Territory
VEDAS	Virtual Entitlement Data Access System
VLC	Voucher Level Compilation
VLCS	Voucher Level Computerisation System
WAMIS	Works and Accounts Management Information System

WBHIDCO	West Bengal Housing Infrastructure Development Corporation
WGBD	Working Group on Big Data
WGDT	Wadhvani Centre for Government Digital Transformation
WGEA	Working Group on Environmental Auditing
WGEI	Working Group on Audit of Extractive Industries
WGEPPP	Working Group on Evaluation of Public Policies and Programmes
WGFA	Working Group on Follow-Up Audit
WGFACML	Working Group on Fight Against Corruption and Money Laundering
WGFES	Working Group on Financial and Economic Stability

WGISTA	Working Group on Impact of Science and Technology on Auditing
WGITA	Working Group on Information Technology Audit
WGPD	Working Group on Public Debt
WGPPA	Working Group on Public Procurement Audit
WGRMA	Working Group on Regional and Municipal Audit
WGSDG-KSDI	Working Group on SDGs and Key Sustainable Development Indicators
WGVBS	Working Group on Value and Benefits of SAls
WHO	World Health Organisation
WR	Western Region



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