

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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**Grassroots democracy is the cornerstone of a vibrant and inclusive society,
says CAG Murmu**

Local governance in India calls for out-of-box audit approach: CAG

**The primary focus of CAG's district audits is on service delivery - the last
mile connecting the government with its people: Murmu**

Good local governance that relies on the core principles of transparency, inclusivity and accountability is the cornerstone of grassroots democracy, the Comptroller & Auditor General of India, Shri Girish Chandra Murmu, said here today while addressing the three-day international conference on Strengthening of Grassroots Democracy. "These principles are not mere ideals, but the bedrock upon which the edifice of good governance stands," he said.

Inaugurating the three-day international conference on Strengthening of Grassroots Democracy at the CAG's headquarters, Shri Murmu said that "local governments are the most important link in the governance spectrum". These institutions are necessary for the advancement of society and for improving the lives of citizens, he said. "It is at this level that the aspirations, concerns and needs of the people are most acutely felt and addressed. It is here that local level planning of developmental programs are undertaken," he said, adding that, "these bodies are the first ones to respond to calamities and pandemics and are vital for the implementation of the Sustainable Development Goals."

This is first time that the Supreme Audit Institution of India is organizing a seminar on local self-governments. Since India's local governments depend on the Central and State governments for funds, functions and functionaries, "this reality calls for an out-of-box audit approach", Murmu said. India has 2,62,000 local institutions. This third tier of government implements several centrally-sponsored schemes and projects. Given its growing importance, the Union Finance Commission allows for direct devolution of funds of around 4.2% of the total divisible pool to the third tier.

Shri Murmu said that the supreme audit institutions can play a vital role in strengthening local bodies and establish robust audit mechanisms for compliance monitoring within its respective mandates. Stressing on the critical importance of carrying out audit impact analyses, he said that interventions such as follow-up audits, periodic reviews and evaluation would ensure that SAIs recommendations are implemented for oversight and accountability. "Transparency, inclusivity and accountability are the core principles underpinning the essence of our welfare societies," he said. "At the grassroots level, where governance meets the everyday lives of

citizens, these principles are not mere ideals, but the bedrock upon which the edifice of good governance stands.”

Given the huge scope and challenges of local auditing, Shri Murmu reaffirmed the CAG’s strong focus and commitment towards accountable governance. SAI India is constantly innovating and expanding its audit exercises and has started conducting district centric audits, encompassing multiple villages and cities. “The primary focus of the district audits is on service delivery - the last mile connecting the government with its people. Services like supply of potable and clean water, sanitation, and management of solid waste are the few crucial services provided by the local governments. The objective of our audit is to assess how well local governments are discharging these functions,” the CAG said.

To address issues like shortage of trained local auditors, Shri Murmu said that the nascent field of local government audit is still evolving and needs considerable capacity building. SAI India had recently established the International Centre for Audit of Local Governance, or iCAL. “iCAL will serve as a Centre of Excellence for capacity building of local government auditors at the national and the international levels,” he said.

Stressing on the importance of digital technology for audit purposes, Shri Murmu said, “In an increasingly interconnected world, audit methodologies must evolve to keep pace with the complexities of modern governance”. “By harnessing the power of data analytics, artificial intelligence, and digital platforms, we can enhance the effectiveness and efficiency of our audit processes, and ultimately deliver greater value to society,” he said.

In the context of local audit guidelines, he said there is a need for setting international standards on local governance. He welcomed the ASOSAI’s move to form a Working Group on Regional and Municipal Audit. “As the incoming chair of ASOSAI for 2024-27, SAI India recognizes this proposed Working Group as a stimulus for spurring development of regional/municipal audit in the Asian region,” he said.

In his concluding remark, Murmu urged the Supreme Audit Institutions to regularly exchange ideas and share experiences on best practices in local governance auditing in regional forums and international conferences. “It will help us to strengthen our local governance audit systems and contribute to more effective and accountable local governance processes,” he said.

“By fostering transparency, upholding integrity, embracing innovation, and putting the needs of the people first, we can build a future where governance truly serves the common good. It will go a long way in strengthening grassroots democracy,” he said.

At the event, Ms Y R Chaudhuri, Additional Deputy Comptroller & Auditor General of India (Local Bodies), said that the conference marks “a pivotal moment, where minds from around the world converge to delve into critical discussions and chart the course towards developing collaborative approaches for strengthening the framework of governance at the local level.”

The CAG also released a book titled *Local Governance in India – Initiatives and Opportunities* at the inaugural function. The book highlights India's challenges and key advancements in the sphere of local governance.

This landmark event brings together esteemed representatives from Supreme Audit Institutions (SAIs) of 10 countries, namely Georgia, Malaysia, Maldives, Malta, Morocco, Nepal, Oman, Poland, South Africa, and Uganda, with India being the host country.

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