

Guidance for IA&AD
(under Part IV of SASCI 2026-27)
No. 118-21/PPG (SASCI)-2026



लोकहितार्थं सत्यमिच्छा
Dedicated to Truth in Public Interest

Comptroller and Auditor General of India

30 April 2026

Guidance for IA&AD **(under Part IV of SASCI 2026-27)**

(for internal circulation only)

1. Introduction

The Ministry of Finance, Government of India (GoI), has been providing Special Assistance to States for Capital Investment (SASCI) since 2020–21. In respect of F.Y. 2026–27 (GoI) has extended financial assistance in the form of 50-year interest-free loans provided over and above the normal Net Borrowing Ceiling (NBC). In accordance with the Ministry of Finance, Department of Expenditure directives dated 27 March 2026, these operational guidelines for Part IV of SASCI 2026–27 are being issued in respect of processes internal to IA&AD. Part IV pertains to “*Strengthening Public Finance IT Infrastructure in States*” and envisages a specific role for the Office of the Comptroller and Auditor General of India, which has been assigned the responsibility of examining reform completion and furnishing recommendations to the Department of Expenditure (DoE). In this context, it is anticipated that the Office of the Comptroller and Auditor General of India will issue these operational guidelines to establish a structured, time-bound, and internally coordinated framework for discharging its assigned responsibilities under Part IV of SASCI 2026–27. The SASCI Guidelines for 2026–27 are available at <https://dahd.gov.in/sites/default/files/2026-04/DOESASCIGuidelines2026-27Dt27.03.2026.pdf> for ready reference.

2. Objective of Part IV of SASCI Guidelines

The primary objective is to incentivize States and Union Territories to strengthen their Public Finance IT infrastructure through end-to-end digitization of financial processes and the integration of finance, works, and procurement systems. This modernization aims to enhance the overall efficiency and accountability of state-level financial management in the states.

3. Financial Incentive Structure

Part IV component of SASCI carries a total incentive potential of ₹200 crore per State, partitioned into four distinct reform blocks of ₹50 crore each. These incentives are part of a ₹4,000 crore outlay earmarked specifically for Part IV of reforms undertaken during 2026-27.

4. Reform Components

Eligibility for financial incentives is contingent upon the successful implementation of the following four reform blocks:

- **Component I: IFMIS Modules (₹50 crore):** States must operationalize a minimum of **6 out of 7** sub-items within their Integrated Financial Management System:
 - (a) **e-Sanction:** Digital generation and tracking against delegated powers.
 - (b) **e-Budget:** Real-time distribution and monitoring of allocations.
 - (c) **e-Payment:** Integration with banking systems, including RBI e-Kuber.
 - (d) **e-Receipt:** Electronic capture and reconciliation of revenue.
 - (e) **e-Voucher:** Digitally authenticated vouchers with real-time data access.
 - (f) **e-HRMS:** Integrated payroll, pension, and service records.
 - (g) **100 per cent Aadhaar-based DBT:** Mandatory for all beneficiary schemes.
- **Component II: Works and Procurement Systems (₹50 crore):** Mandatory completion of:
 - (a) **Works Management System (WAMIS/WAM):** Lifecycle coverage including Electronic Measurement Books (e-MB) and division-level monitoring.
 - (b) **e-Procurement System:** End-to-end electronic processing from bid to contract award.
- **Component III: System Integration (₹50 crore):** Mandatory live integration for:
 - (a) **IFMIS and WAMIS** (or equivalent)
 - (b) **IFMIS and e-Procurement** (traceability from sanction to accounting)
- **Component IV: Digitization Coverage (₹50 crore):** Mandatory 100 per cent digitization of:
 - (i) Drawing and Disbursing Officers (DDOs).
 - (ii) Treasuries.
 - (iii) Works and Forest Divisions.

Note: Details of the requirements are available in SASCI Guidelines.

5. Internal Governance and Work Distribution within IA&AD

- **Nodal Office:** The PAG/AG (Audit) office auditing the State Finance Department is designated as the Nodal Office and shall act as the single point of contact for all SASCI Part IV matters with the State Government. In case of Union Territories, the concerned office of the Principal Director of Audit (Central) shall act as the Nodal Office for this purpose. The same procedure, formats and timelines as prescribed for States shall apply.
- **Internal Steering Committee (ISC):** In a State, where more than one State Audit/Accounts Office of IA&AD are in existence, an Internal Steering Committee

(ISC) shall be constituted comprising of all Head of Departments of IA&AD dealing with affairs of the concerned state. The structure of ISC shall be as under:

- a) **Chairperson:** The Senior-most Officer shall be the Chairperson
- b) The Group Officer in charge of the audit work relating to the Finance Department of the State and shall be the Secretary for ISC.
- c) A Secretariat with the nodal office may be constituted with minimum 2 officials from each State Audit and State Accounts Offices. The Secretariat will work for next four to five years and will play an important role in synergy between the IA&AD offices as well as the State Government against objectives of data-led activities in IA&AD.
- d) The Secretariat shall function as a joint institutional mechanism of the Audit and Accounts offices, wherein nominated officials from both offices shall work in close coordination under the overall supervision of the ISC for effective discharge of its functions including SASCI Part IV related responsibilities.

6. Preparation of Checklist for verification by offices in IA&AD

The responsibility for preparation, scrutiny, approval and circulation of the checklist shall vest with the IS Wing. Accordingly, the IS Wing shall complete this exercise and circulate the checklist to concerned formations of IA&AD, including Functional Wings, Report Wings, State Audit Offices, State Accounts Offices and Office of DG (F&C), by **15 May 2026**. The effective users are expected to be the concerned State Audit and Accounts Office and Office of DG (F&C) where NIC is responsible for development/implementation of involved IT applications. The Nodal office and ISC shall align the checklist with the roadmap for development and implementation of IT applications adopted by the State Government.

7. Identification and Communication of requirements of IA&AD:

The identification and communication of functional requirements if any for IA&AD in the concerned IT applications will be done by the functional Wings, SMU, Report Central Wing, State Audit and Accounts offices and communicated to the IS wing for inclusion in the checklist by **5 May 2026**. The results of audit of these IT application in the states would have already led to the identification of some of these requirements relevant to IA&AD. One of the identified requirement is the need to onboard officials of Divisional Accountants cadre on IFMS/ WAMIS/ e-procurement modules keeping in view the role required to be performed by

the officials of the Divisional Accountants cadre in that state. The process of onboarding of Divisional Accountants cadre will be specified by GA wing.

8. Implementation

The guidelines relevant to the state government/UTs have been issued by the PPG to all the State/UT Governments as well as Department of Expenditure, Ministry of Finance, Government of India and are enclosed alongwith. The Schedule of activities and Implementation Plan relevant to the State Government is to be prepared by ISC and communicated by Nodal office to the State Government. Thus, the documents comprising a) Requirements of IA&AD; b) Implementation Plan, c) Schedule of Activities and d) Checklist(s) are to be shared with the State Government preferably by **22 May and not later than 30 May 2026**. The areas of examination by DG(F&C) are to be shared by **31 May 2026**. The mechanism shall be consistent with form, substance and schedule prescribed in the enclosed Operational Guidelines prescribed for engagement between the IA&AD and the State Governments. The shared documents with the State Government are to be shared with the Office of DG (F&C) (where state NIC Office is involved).

9. Reporting

Reporting will be consistent with the enclosed operational guidelines for SASCI for State Governments.

The ISC/Nodal office will compile and submit the results of verification of implementation to PPG. (**Annexure A**)

10. Reporting by PPG

The verification report be issued to PPG Wing by the Nodal Office so as to reach by **25 December 2026**. PPG Wing shall submit the Certificate in appropriate format to the Department of Expenditure Ministry of Finance by **31 December 2026** based on the approval of Director General PPG. Efforts will be made to create a facility for online submission of this verification report.

11. Monitoring

Monitoring of the progress against the guidelines by the concerned offices (State Audit and Accounts offices, Office of DG (F&C) will be done by concerned functional wing through

Monthly progress report. Progress report from the Nodal office will be submitted to PPG on **15 October 2026 and 30 November 2026.**

12. Use of Results of previous and Audits underway

The various office involved in the assignment are expected to find synergy with the previous results of Audit on similar areas as well as other audits that are currently underway. These include the follow up Audit on IFMS and Audit of NIC.

13. The Schedule in respect of Internal Processes in IA&AD is enclosed as **Annexure-B.**

Escalation to O/o the C&AG of India

(Formal communication from the Field Office to Headquarters for recommendation to the Ministry of Finance)

Office of the Accountant General (Audit)/Principal Director of Audit (Central) [State Name]

To,

Director General (PPG),

Office of the Comptroller and Auditor General of India,

9,Deen Dayal Upadhyaya Marg, New Delhi

Subject: Escalation of Final Outcome Report for SASCI 2026-27 (Part-IV) – reg.

Sir,

Please find enclosed the **Formal Outcome Report** regarding the verification of reforms undertaken by the Government of [State Name] under Part IV of the SASCI Guidelines.

As per our field verification, the State has fulfilled the requirements for:

- 1.Component-I
- 2.Component-II
3. Component-III
- 4.Component-IV

It is requested that the **Office of the C&AG** may consider these findings for making the final recommendation to the **Department of Expenditure (DoE)** by the prescribed deadline of **31.12.2026** for the release of the incentive amounts.

Yours faithfully,

(Signature)

Accountant General (Audit)/ Principal Director of Audit (Central) [State Name]

ANNEXURE-B: Schedule in respect of Internal Processes in IA&AD

Sl. No.	Category of Activity	Formation	Period in number of days from linked activity	Date	Remarks
(A) Issue of Guidelines					
1	Issue of Guidelines	PPG	Nil	30 April 2026	--
(B) Preparation and Communication of checklist					
2.	Issue of checklist	IS Wing	Nil	15 May 2026	--
(C) Identification and Communication of requirements for IA&AD					
3.	Identification and communication of functional requirements of IA&AD in the concerned IT applications	Nodal Office	Immediate	5 May 2026	--
(D) Implementation					
4.	Preparation of Schedule of Activities and Implementation Plan	Concerned State Audit & Accounts Offices through ISC / Nodal Office	--	22 May 2026 but not later than 30 May 2026	--
(E) Reporting					
5.	Verification Report to be issued by Nodal Office to PPG	Nodal Office, PPG Wing	--	25 December 2026	--
6.	Submission of Verification Report/Certificate by PPG to the Department of Expenditure, Ministry of Finance	PPG Wing, Department of Expenditure, Ministry of Finance	--	31 December 2026	--
(F) Monitoring Plan and Implementation					
7.	Monitoring by concerned functional wing.	By functional wings	Monthly		
8.	Monitoring by PPG	Progress report will be submitted to PPG by Nodal office.	--	15 October 2026 and 30 November 2026.	--