

Operational Guidelines for Engagement and Communication

Between State/UT Governments and Nodal Audit Offices of IA&AD
(Under Part IV of SASCI, 2026-27)

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लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Comptroller and Auditor General of India

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What and Why: An Overview

The Government of India has issued the Guidelines regarding Special Assistance to States/UTs for Capital Investment (SASCI) 2026–27 vide letter dated 27 March 2026. The Scheme provides for an outlay of ₹2.00 lakh crore for incentivising various reforms and capital expenditure. It includes, inter alia, financial assistance to States/Union Territories in the form of 50-year interest-free loans for capital investment projects over and above the Net Borrowing Ceiling.

Part–IV of the said Guidelines 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. Under this framework, States/UTs are required to submit reports upon completion of reforms within prescribed timelines, which are to be examined by the Office of the C&AG. Based on such examination, recommendations are to be made to the Department of Expenditure for release of incentive amounts. The Guidelines further stipulate timelines for submission of reports by States/UTs by **15.12.2026**, examination and recommendation by the Office of the C&AG by **31.12.2026**.

Accordingly, in view of prescribed requirements in the SASCI guidelines these operational guidelines are being issued.

1. Scope

These guidelines prescribe the framework for engagement and communication between State/UT Governments and Nodal Audit Offices.

2. Nodal Office

The Office of Principal Accountant General / Accountant General (Audit) auditing Finance Department shall be the Nodal office and act as single point of contact with the State Government. In case of Union Territories, the concerned office of the Principal Director of Audit (Central) shall act as the Nodal Audit Office for this purpose. The same procedure,

formats and timelines as prescribed for States shall apply. The list of State/UT-wise nodal offices is enclosed as **Appendix A - I**.

3. Principles

Engagement shall be state-initiated, stage-based, and document-driven.

4. Stages of Engagement

The process of engagement shall follow a structured, multi-stage workflow for implementing reforms and managing capital expenditure in alignment with the SASCI Guidelines 2026-27.

- The process shall commence with communication by the concerned State/UT to the Nodal office regarding selection of Part IV under SASCI alongwith constitution of the Monitoring Committee providing the nomination of IA&AD officials therein. The communication shall be issued by the State/UT Government to the Nodal office in the prescribed format enclosed as **Appendix A -II**. The entire exercise shall preferably be completed by **15 May 2026**.
- On receipt of the communication by the Nodal office pertaining to Appendix A-II, the Nodal office shall within five days formally communicate with the Finance Department of the concerned State/UT Government.

The communication shall, inter alia, indicate the nominated representatives of IA&AD who will be member of the Monitoring Committee, along with name of the Nodal Officer for day-to-day coordination, exchange of information and liaison with the State Government.

The Nodal Office shall also share the necessary documents and reference materials required for smooth monitoring and verification of reform claims, including:

1. Requirements of IA&AD in the involved IT applications;
2. Implementation Plan;
3. Schedule of Activities;
4. Checklists for reform components; and
5. Any other relevant documents/information.

The State/UT Government may be requested to periodically review the progress of approved reform components and communicate the status to the Nodal Office to facilitate timely verification by the Office of the C&AG of India. This is to be done preferably by **22 May 2026 and not later than 30 May 2026**.

- The Nodal Audit Office shall prepare and communicate to the concerned State Government/UT Administration a component-wise verification protocol for reforms. The communication shall include the verification protocol, expected timelines to facilitate verification and method for verification of identified gaps. The format for this shall be prepared by the Nodal Office and communicated to the concerned State/UT Government by 10 June 2026.
- Once the groundwork is done, the State/UT Government shall submit a verification request, the format of which is enclosed as **Appendix A –III** by **20 October 2026**. It shall be followed by a formal acknowledgement and a detailed verification schedule from the nodal office, the formats of which are enclosed as **Appendix A – IV** by 25 October-2026.
- During the phase of verification, any gaps observed are communicated for improvement by **15 November-2026**, the format of which is enclosed as **Appendix A – V**.
- An annotated table of rectifications will be submitted by the State Government against gaps communicated in **Appendix A – VI** which shall be verified by the nodal office drawing resources from the concerned offices of IA&AD and share the results with the concerned offices of IA&AD. This shall be done by **15 December 2026**.
- The cycle of engagement shall conclude with a formal outcome report from the Nodal Offices by **25 December 2026** to the Office of C&AG of India, the format of which is enclosed as **Appendix A –VII**. This outcome report shall be submitted to the PPG Wing of the O/o the C&AG of India for its communication to the Department of Expenditure. The stages of engagement is not merely a linear checklist but a concurrent process relying heavily on the reciprocity between the State Governments and the nodal offices to move from the initial selection to the final completion.

5. Communication Protocol

All communication will be between nodal officers of the State Government and IA&AD.

6. Timelines

All interactions shall be time-bound and carried out in accordance with the prescribed schedules. The timelines stipulated under these Guidelines are as follows:

Activity	Timeline
Receipt of communication from the State/UT Government regarding selection of Part IV under SASCI alongwith constitution of the Monitoring Committee.	15 May 2026
Nodal office to intimate State/UT Government requirements of IA&AD in the involved IT applications, implementation Plan, Schedule of Activities, details of expectations in the applications from the State/UT governments and the checklist for use by IA&AD.	22 May 2026 but not later than 30 May 2026.
Nodal office to establish and communicate verification protocol, expected timelines to facilitate verification and protocol for rectification of identified gaps.	10 June 2026.
State/UT Government to submit verification request	20 October 2026
Nodal office to issue formal acknowledgement and detailed verification schedule	25 October 2026
Gaps observed during verification to be communicated for improvement	15 November 2026
State/UT Government to submit annotated table of rectifications against gaps communicated.	15 December 2026
Nodal office to submit formal outcome report to the Office of C&AG of India	25 December 2026
Outcome report to be escalated to PPG Wing of the O/o the C&AG of India for communication to the Department of Expenditure	31 December 2026

7. Records

Nodal office shall maintain complete communication records.

8. Formats

All communications shall use prescribed formats. The format of verification by the Office of C&AG is prescribed in **Appendix A –VIII**.

List of Nodal Audit Offices

S.No.	STATE	NAME OF OFFICE
1	Andhra Pradesh	AG (Audit)
2	Arunachal Pradesh	AG (Audit)
3	Assam	AG (Audit)
4	Bihar	AG (Audit-I)
5	Chhattisgarh	AG (Audit)
6	Delhi	AG (Audit)
7	Gujarat	AG (Audit-II)
8	Goa	AG (Audit)
9	Haryana	AG (Audit)
10	Himachal Pradesh	AG (Audit)
11	Jammu and Kashmir	AG (Audit)
12	Jharkhand	AG (Audit)
13	Karnataka	AG (Audit-I)
14	Kerala	AG (Audit-II)
15	Madhya Pradesh	AG (Audit-II)
16	Maharashtra	AG (Audit-II)
17	Manipur	AG (Audit)
18	Meghalaya	AG (Audit)
19	Mizoram	AG (Audit)
20	Nagaland	AG (Audit)
21	Odisha	AG (Audit-I)
22	Punjab	AG (Audit-I)
23	Rajasthan	AG (Audit-I)
24	Sikkim	AG (Audit)
25	Tamil Nadu	AG (Audit-I)
26	Telangana	AG (Audit)
27	Tripura	AG (Audit)
28	Uttarakhand	AG (Audit)
29	Uttar Pradesh	AG (Audit-II)
30	West Bengal	AG (Audit-I)
31	Puducherry	AG (Audit-II), Tamil Nadu & Puducherry
32	Lakshadweep	PD (Central) Chennai
33	Chandigarh	PD (Central) Chandigarh
34	Ladakh	PD (Central) Chandigarh
35	Andaman and Nicobar Islands	PD (Central) Kolkata
36	Dadar and Nagar Haveli and Daman and Diu	PD (Central) Ahmedabad

(To be issued by the State Government Finance Department)

**Government of [State/UT Name]
Finance Department**

No.: _____ Date: _____

To,
The Accountant General (Audit)/Principal Director of Audit (Central),
[State Name]
[Name of Nodal Audit Office]

Subject: Selection of Part IV under SASCI 2026–27 and constitution of Monitoring Committee – reg.

Reference: Guidelines issued by Ministry of Finance, Department of Expenditure dated 27 March 2026.

Sir/Madam,

1. I am directed to state that the Government of [State Name] has decided to avail benefits under **Part IV – Strengthening Public Finance IT Infrastructure in States** under the Scheme for Special Assistance to States for Capital Investment (SASCI) 2026–27, in accordance with the Guidelines issued by Government of India, Ministry of Finance, Department of Expenditure dated 27.03.2026.
2. The State/UT Government proposes to undertake the eligible reform components under Part IV as per the prescribed criteria and timelines. The details of selected components are **enclosed**.
3. For effective implementation, coordination, monitoring and timely compliance of the reforms, the State Government has constituted a **Monitoring Committee** comprising officers of the concerned departments and agencies of the State Government.
4. The composition of the Monitoring Committee from the State Government side is as under:

S. No.	Name	Designation	Department
1			
2			
3			

5. Shri/Smt. _____, [Designation], Finance Department, is hereby designated as the **Nodal Officer** for coordination with the Nodal Audit Office in all matters relating to Part IV of SASCI 2026–27.
6. It is requested that suitable officers from IA&AD may kindly be nominated for inclusion in the Monitoring Committee to facilitate coordination, verification and examination of compliance under the Scheme.

Yours faithfully,

(Signature)

[Name]

[Designation]

**Finance Department
Government of [State Name]**

Request for Verification

(To be submitted by the State Government to the Nodal Audit Office)

Government of [State Name] Finance Department

No.: _____ **Date:** _____

**To The Accountant General (Audit)/ Principal Director of Audit (Central) [State Name]
[Name of Nodal Audit Office]**

Subject: Request for verification of reforms under SASCI Part IV – reg.

Reference:

Sir/Madam,

The Government of [State Name] hereby certifies the successful implementation of the following reform components under **Part IV (Strengthening Public Finance IT Infrastructure)** of the SASCI Guidelines 2026-27:

1. **IFMIS Modules**
2. **Works & Procurement:**
3. **System Integration:**
4. **Digitization:**

The detailed report and supporting evidence, as per the requirements details communicated are attached for your review. We request the Nodal Audit Office to initiate the verification process as per the established protocol.

Yours faithfully,

(Signature) [**Additional Chief Secretary / Principal Secretary / Secretary**] **Finance
Department, Government of [State Name]**

Formal Acknowledgement of Verification Request and Detailed Verification Schedule

(To be issued by the Nodal Audit Office upon receipt of Annexure VIII from the State Government)

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

No.: _____ Date: _____

To,
The Secretary,
Finance Department,
Government of [State Name]

Subject: Acknowledgement of verification request and detailed schedule for verification of SASCI Part-IV reforms – reg.

Reference: Verification Request dated _____ submitted by Government of [State Name]

Sir/Madam,

This is to acknowledge the receipt of your formal verification request dated _____, certifying the implementation of reforms under **Part IV – Strengthening Public Finance IT Infrastructure in States** of the SASCI Guidelines 2026–27.

2. The supporting documentation submitted along with the request is being reviewed for completeness with reference to the prescribed checklist and applicable guidelines.
3. In continuation thereof, the detailed schedule for field-level, departmental and system-based verification is communicated below:

S. No.	Date	Location / Department	Activity / Reform Component
--------	------	-----------------------	-----------------------------

1

2

4. The State Nodal Officer is requested to ensure that all relevant officers, technical personnel, system access credentials, audit trails, dashboards, logs, records and functional modules are made available to the verification team during the scheduled visits.
5. Full cooperation of the concerned departments may kindly be ensured so that verification is completed within the prescribed timelines under the Scheme.

Yours faithfully,(Signature)
Nodal Officer / Head of Department

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

Communication of Gaps

(To be issued by the Nodal Audit Office if gaps are found during verification)

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

No.: _____ **Date:** _____

To The Secretary, Finance Department Government of [State Name]

Subject: Communication of gaps observed during verification – reg.

Sir/Madam,

During the verification of reforms under **Part IV (Strengthening Public Finance IT Infrastructure)**, the following gaps including areas of enhancement are observed:

- 1.
- 2.
- 3.

You are requested to rectify these issues and submit a compliance report within [Number] days. Prompt rectification is essential to meet the **December 31, 2026** deadline for final recommendations to the Department of Expenditure.

(Signature) **Nodal Officer / HoD**

Annotated Table of Rectifications (SASCI 2026-27)

(To be submitted by the State Government / UT Administration to the Nodal Audit Office)

Office of the Secretary, Finance Department
Government of [State Name]

No.: _____ Date: _____

To
The Accountant General (Audit)/ **Principal Director of Audit (Central)** [State Name]
Nodal Audit Office
[State Name]

Subject: Submission of Annotated Table of Rectifications against gaps communicated during verification – reg.

Sir/Madam,

Kind reference is invited to your communication No. _____ dated _____ regarding gaps observed during verification of reforms under Part IV (Strengthening Public Finance IT Infrastructure in States).

In this regard, the Annotated Table of Rectifications in respect of the gaps communicated is furnished below for consideration:

Sl. No.	Gap/Area of enhancement Communicated by Nodal Office	of Rectification Undertaken by State Government	Action Taken / Undertaken by State Government	Supporting Document Evidence Enclosed	Present Status
1					
2					
3					

You are requested to take the above on record and proceed with further verification.

Yours faithfully,

(Signature)
Secretary / Authorized Officer (Finance Department)
Government of [State Name]

Escalation to O/o the C&AG of India

(Formal communication from the Nodal 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]

General Format for Recommendation to Department of Expenditure

(To be issued by PPG Wing of the Office of the C&AG of India under Part IV of SASCI Guidelines 2026–27)

Office of the Comptroller and Auditor General of India

To,
The Secretary,
Department of Expenditure,
Ministry of Finance,
Government of India, New Delhi.

Subject: Recommendation under Part IV of SASCI Guidelines 2026–27

Sir/Madam,

Kindly refer to the Guidelines regarding Special Assistance to States for Capital Investment (SASCI) 2026–27.

In accordance with the provisions contained under Part IV of the said Guidelines, reports received from the concerned Nodal Audit Offices regarding verification of reforms undertaken by eligible State/UT Governments have been examined in this office.

Based on the reports received and examination thereof, the following recommendations are forwarded for consideration of release of incentive amounts under the Scheme:

Sl. No.	Name of State/UT	Component / Reform Area	Status of Eligibility
1			
2			
3			
4			

It is requested that necessary action may kindly be taken in accordance with the Scheme Guidelines.

Enclosures: As above.

Director General (PPG)
Office of the Comptroller and Auditor General of India