



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

ICAI/012/CP&GFM/TP – RLB

The Principal Secretary
Panchayati Raj & Rural Development
Andhra Pradesh

Dear Sir/Madam,

Sub: Proposal to build capacity of staff of Rural Local Bodies of the State of Andhra Pradesh

Greetings from Committee on Public and Government Financial Management (CP&GFM) of the Institute of Chartered Accountants of India (ICAI)!!!

Economic Development of India is predominantly dependent upon rural economy as India is a rural country with two third population and 70% workforce residing in rural areas. 73rd Constitutional Amendments Act empowered the panchayats by devolving them powers (fund, function and functionaries) for better planning, providing basic services to the citizens and implementation of schemes. Considering the quantum of funds being devolved to RLBs, it is necessary to have a robust system for effective monitoring of public expenditure by means of a holistic system capturing the entire gamut of activity from the planning to record the assets created from the expenditure. The XV Finance Commission has recommended online availability of unaudited annual accounts of the previous year and audited accounts for the year before previous year as an entry level condition to avail grants. As mentioned therein, **the expenditure required for auditing of accounts by external agencies approved by the State Government, may be borne from the 40% untied grant.**

Role of ICAI:

ICAI is the apex body in the field of accountancy and auditing. ICAI, a partner in nation building, is also involved in on-going accounting reforms and improvement of financial reporting and public financial management in various Government entities/departments including RLBs in India. ICAI has got more than 160 branches spread across the tier I & II cities of the Country.

The ICAI through CP&GFM is involved in sensitising the concerned officials and society at large about benefits of accounting reforms by organising various workshops/ training programmes, developing e-learning modules available at https://icaitv.com/category.php?cat_id=21 .

Since various endeavors of Government have been linked to improvement in financial reporting and management in RLBs, there is a need to build capacity of their staff through training program (virtual or physical). In this direction, ICAI through CP&GFM hereby proposes to extend its support to RLBs to **organise training programmes/webinars for their staff with special reference to 'E-Governance, Accounting and Auditing in Rural Local Bodies' to empower Rural India/Panchayats.**

These capacity building programmes would be specifically structured to provide an opportunity to the participants to update their knowledge with regard to accounting and auditing system, resolving issues and challenges being faced in the e-environment (e.g., PRIASoft/ e-Gram Swaraj, Audit online) and implementation of Government schemes in rural areas. Such programs also work as a platform to share experience of different Panchayats/RLBs and lessons learnt through case studies, etc. The enclosed



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annexure may please be referred for detailed proposal. The programme structure may be finalised mutually considering specific training requirements of staff. Such programmes/webinars may also be conducted at the level of Districts and Blocks Panchayats or even in regional language as well.

It has observed in various States that the mandated data entry/recording is not being done in panchayats. ICAI hereby proposes that the **panchayats may consider engaging Chartered Accountants/ firms thereof for data entry etc. to contribute in their journey towards financial literacy, transparency and accountability.**

We hope that this initiative will go a long way in setting up a quality structure for robust and transparent accounting framework at the RLBs.

We look forward to your positive response in this regard. We hope that this collaboration would benefit the Local Bodies and society at large.

Thanking You,

Yours sincerely,

CA. Kemisha Soni
Chairperson
Committee on Public and Government Financial Management

CA. Sridhar Muppala
Vice-Chairperson
Committee on Public and Government Financial Management

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Encl.: As above



**Proposal for jointly organising training programmes for staff
of Rural Local Bodies**

Theme of the Training:

- Towards Empowered Rural India/Panchayats

Duration of the Training:

- One Day/Two Days

Targeted Participants:

- Representatives/staff of Rural Local Bodies/Panchayats
(Participants for the training programme may be identified and suggested by the State/ respective panchayat or rural department)

No. of participants:

- Minimum 50 participants

Training Methodology:

- Training is conducted in an interactive form and includes a number of case studies.
- Training participants are provided the background materials and also the PPTs of the faculties.

Faculty:

- Faculty comprises of professional experts having relevant experience in the field of accounting and auditing of panchayats, accounting softwares, etc.

Tentative list of topic for the Training:

1. Accounting for Panchayats
 - Requirements
 - Benefits
 - The way forward



2. Accounting and Auditing System in Panchayats of respective State
 - Analysis of existing accounting and auditing system
 - Gap Analysis
 - Possible solutions
3. E-Governance System - Strengthening Panchayats through Information and Communication Technology (ICT)
 - Overview of e-Panchayat Mission Mode Project (MMP)
 - Software applications under e-Panchayat MMP
 - Implementation of e-governance system in panchayats - issues and challenges
4. Accounting Software of Panchayats (PRIASoft)
 - How to submit details in PRIASoft and generate reports from PRIASoft
 - Effective implementation of PRIASoft
 - Integration of PRIASoft with e-Financial Management System
 - Audit of PRIASoft
5. Effective implementation of Government schemes in rural areas
 - Requirement of uniform accounting reporting system for schemes
 - Audit for effective implementation of scheme and utilisation of scheme funds
6. Asset Management in Panchayats
 - Existing asset management system
 - National Asset Directory
7. Goods and Service Tax (GST)
 - Overview
 - Applicability
 - Compliance requirements
8. Income Tax & Tax Deducted at Source (TDS)
 - Overview of Income Tax and TDS
 - Relevant applicable provisions for panchayats
 - Compliances requirements
9. Empowering Panchayats : Augmenting Revenue
 - Import Export Code
 - Farm to Consumer (e-Commerce)
 - Organic Certification
 - Schemes to promote exp



Financial Implications:

- In case of physical training programme, expenditure may be borne jointly by State Government/ respective panchayat or rural department and ICAI as suggested below:
 - Cost to be borne by ICAI:
 - TA/DA expenses of Faculty
 - Honorarium to Faculty
 - Background material for participants
 - Cost with regard to other logistic arrangements to be borne by the State Government/ respective panchayat or rural department.

- In case of virtual training programme, there shall be no financial implications on State Government/ respective panchayat or Rural Department. In that case, all the cost pertaining to platform and honorarium to faculties shall be borne by the ICAI.