

Proposal to handhold accounting reforms in Local Bodies of Madhya Pradesh.

Committee on Public & Government Financial Management <cpf.aslb@icai.in>

Fri 2022-04-22 17:52

To: psuaddmp@mpurban.gov.in <psuaddmp@mpurban.gov.in>

Cc: ICAI Bhopal Branch <bhopal@icai.org>; caatul64@gmail.com <caatul64@gmail.com>; circ@icai.in <circ@icai.in>; NAMRATA KHANDELWAL- ICAI\CPF&GA\I P MARG DELHI <namrata.khandelwal@icai.in>; Committee on Public & Government Financial Management <cpf_ga@icai.in>

Shri Manish Singh,
Principal Secretary,
Urban Development & Housing Department,
Government of Madhya Pradesh,
Bhopal

Dear Sir,

Sub: Proposal to handhold accounting reforms in Local Bodies of Madhya Pradesh.

Greetings from Committee on Public and Government Financial Management of the Institute of Chartered Accountants of India (ICAI). We are an Institute created under an Act of the Parliament. The ICAI is created as an authority in the field of accountancy.

Government of India (GoI) has taken various initiatives to improve financial reporting in Local Bodies such as issuance of National Municipal Accounts Manual (NMAM), key development schemes such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) which linked grants with accounting reforms and also focussed on implementation of accrual basis of Accounting in Local Bodies.

The Institute of Chartered Accountants of India (ICAI) is also involved in the process of on-going accounting reforms and improvement of financial reporting and management of Local Bodies. The ICAI through its Committee on Public and Government Financial Management (CP&GFM) is issuing Accounting Standards for Local Bodies (ASLBs). The Committee is also involved in creating awareness amongst Local Bodies and various end-users about accounting reforms and its implementation in Local Bodies by organising various workshops/training programmes, developing e-learning modules available at https://www.icai.org/post.html?post_id=1527 and https://icaity.com/category.php?cat_id=21 (E-learning lecture) https://icaity.com/category.php?cat_id=22 (Webinar).

ICAI TV

Live Webcast on Making ULBs self-reliant and self-... March 22, 2022

icaity.com



ICAI TV

Valuation and Accounting for Fixed Assets and Liab...

October 17, 2020

icaitv.com

This communication is to seek an opportunity to handhold accounting reforms in Local Bodies of Madhya Pradesh. Objective and outline of the Proposal is stated in the Annexure 1. This initiative will go a long way in setting up a quality structure for robust and transparent accounting framework at the Local Bodies.

We look forward to receive the way forward in this regard and to support you in the above endeavour.

Please revert us for any further clarification/query.

Thanking you,

Yours Sincerely,

CA. Kemisha Soni
Chairperson

Committee on Public & Government Financial Management

CA. Sridhar Muppala
Vice- Chairperson

Secretariat No.: 0120-3045985

From: Committee on Public & Government Financial Management <cpf_ga@icai.in>

Sent: Friday, September 4, 2020 4:56 PM

To: psuaddmp@mpurban.gov.in <psuaddmp@mpurban.gov.in>

Cc: kemishasoni288@gmail.com <kemishasoni288@gmail.com>; kemisha288@yahoo.com

<kemisha288@yahoo.com>; cazuberkhan@gmail.com <cazuberkhan@gmail.com>; Dhiraj Khandelwal

<dk@cadhiraj.com>; NAMRATA KHANDELWAL- ICAI\CPF&GA\I P MARG DELHI <namrata.khandelwal@icai.in>;

Committee on Public & Government Financial Management <cpf.aslb@icai.in>; Committee on Public &

Government Financial Management <caslb@icai.in>

Subject: Proposal to handhold accounting reforms in Local Bodies of Madhya Pradesh.

Mr. Sanjay Dubey,
Principal Secretary,
Urban Development & Housing Department,
Government of Madhya Pradesh,
Bhopal

Dear Sir,

Sub: Proposal to handhold accounting reforms in Local Bodies of Madhya Pradesh.

Greetings from Committee on Public and Government Financial Management of the Institute of Chartered Accountants of India (ICAI). We are an Institute created under an Act of the Parliament. The ICAI is created as an authority in the field of accountancy.

Government of India (GoI) has taken various initiatives to improve financial reporting in Local Bodies such as issuance of National Municipal Accounts Manual (NMAM), key development schemes such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) which linked grants with accounting reforms and also focussed on implementation of accrual basis of Accounting in Local Bodies.

The Institute of Chartered Accountants of India (ICAI) is also involved in the process of on-going accounting reforms and improvement of financial reporting and management of Local Bodies. The ICAI through its Committee on Public and Government Financial Management (CP&GFM) is issuing Accounting Standards for Local Bodies (ASLBs). The Committee is also involved in creating awareness amongst Local Bodies and various end-users about accounting reforms and its implementation in Local Bodies by organising various workshops/ training programmes, developing e-learning modules available at https://www.icai.org/post.html?post_id=1527 and <http://icaitv.com/category/local-bodies>.

This communication is to seek an opportunity to handhold accounting reforms in Local Bodies of Madhya Pradesh. Objective and outline of the Proposal is stated in the **Annexure 1**. This initiative will go a long way in setting up a quality structure for robust and transparent accounting framework at the Local Bodies.

Sir, to apprise you about the functioning of the Committee and to discuss the proposal and identify the areas where we can assist the Government, CA. Dhiraj Kumar Khandelwal, Chairman (CP&GFM) & Central Council Member, ICAI and CA. C V Chitale, Vice Chairman (CP&GFM) & Central Council Member, ICAI also seeks an appointment with your good self for virtual meeting on any date as per your convenience.

We look forward to receive the way forward in this regard and to support you in the above endeavour.

Please revert us for any further clarification/query.

Thanking you,

Yours Sincerely,

CA. Dhiraj Kumar Khandelwal
CA. C V Chitale,
Chairman
Vice Chairman

Committee on Public and Government Financial Management

Secretariat Mobile No.: 98717 90070

Considering the vision and mission of the Committee on Public and Government Financial Management, the proposal is as under to Local Self Governments:

Objective:

Improved financial reporting and management at the level of Local-Self Government, i.e., Local Bodies, is a need of hour as the role and responsibilities of Local Bodies have evolved over time and these bodies play important role in economic growth of the Country. Financial reporting helps in managing public funds in effective and efficient manner, sound decision-making, increasing accountability & transparency in operations and performance of Local Bodies which would ultimately help Local Bodies in delivering good services to citizens, developing infrastructure in the Country and raising funds from capital market and other financial institutions.

- 1. Capacity building of accounts/finance officials of Local Bodies:** In view of on-going accrual accounting reforms at the level of the Local Self Government and linking of their funds/ grants with the said reforms, it becomes important to cater to the capacity building requirements of the accounts/ finance officials of the Local Bodies to upgrade their knowledge in area of financial reporting and management. The Committee proposes to extend its support to jointly organise the capacity building programmes for the officials of Urban Local Bodies (ULBs) in the State of Madhya Pradesh with special reference to '*Implementation of Double Entry Accrual Accounting System and Financial Management Reforms in ULBs*'.

These capacity building programmes would be specifically structured to provide an opportunity to the participants to update their knowledge with regard to importance of accounting reforms at Local Bodies, resolving/addressing various issues and challenges being faced in the implementation of such reforms and importance of such reforms in leveraging the raising the funds from different sources to finance urban infrastructure and make Local Bodies self-reliant and to share experience of different States and lessons learnt through case studies, etc. The enclosed Annexure 2 may please be referred for detailed proposal and financial implication of the same.

- 2. Conversion of accounts of Local Bodies from cash to accrual basis of accounting:** ICAI through its Section 8 Company (not for profit company) viz. ICAI Accounting Research Foundation (ICAI ARF) may also facilitate the Local Bodies in conversion of their accounts from cash to accrual basis of accounting. In the past, ICAI ARF had also assisted Municipal Corporation of Delhi and Kolkata Municipal Corporation in their conversion project and application of financial monitoring reforms, respectively.

Committee on Public and Government Financial Management
Secretariat Ph. No.: 011-30110459/462
E-mail ID: caslb@icai.in; cpf.aslb@icai.in

Proposal for jointly organising capacity building programmes for the officials of Urban Local Bodies (ULBs)

Theme of the Training Programme:

- Implementation of Double Entry Accrual System of Accounting and Financial Management Reforms in Urban Local Bodies (ULBs)

Duration of the Training Programme:

- One Day/Two Days

Objectives:

- To explore and understand different means of financing urban infrastructure, effective management of internal resources and expenditure, effective budgeting and improving accountability etc. so as to make LBs financially self-reliant and sustainable.
- To highlight the significance of on-going accounting reforms with specific reference to conversion of accounts from single entry to double entry accrual system of accounting, various issues and challenges and various case studies on the transitional process.
- To focus on the importance of accounting reforms in leveraging the raising of funds from new means such as capital market.
- To provide a platform for sharing experience of different States and lessons learnt through case studies/ success stories, etc.

Targeted Participants:

- Top and middle level officials associated with Finance and Accounts Sections of Local Bodies.
(Participants for the training programme may be identified and suggested by the State/ respective Department/ Local Bodies)

No. of participants:

- 50 to 60 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 accrual accounting implementation and audit in Local Bodies/ Government, conversion projects, etc.

Tentative list of suggested areas for the Training Programme:

- Conversion of accounts of Local Bodies from cash basis to accrual basis of accounting:
 - Preparation of Opening Balance Sheet
 - Practical issues/ challenges in implementation of Accrual Accounting System
 - Restructuring of Chart of Accounts under accrual system of accounting
 - Transitional process to accrual accounting - A case study/ success stories
- Financial Statement Analysis and Importance of Financial Statements in Decision making under Accrual System of Accounting
- Accrual based Accounting framework for Local Bodies in India:
 - National Municipal Accounting Manual
 - Accounting Standards for Local Bodies
- Accounting for Fixed Assets, Current Assets and Liabilities
- Status of Local Bodies under Income Tax, Goods & Service Tax and its Compliances
- Improving Accountability of Local Bodies towards Citizens and their participation in Municipal Budgeting:
 - Participatory Budgeting
 - Performance Measurement and Reporting by Local Bodies
- Financial planning for Municipal Infrastructure:
 - Enhancing Revenue
 - Innovative other means of Funding

- Raising fund through Capital market - creating effective Municipal Bond Market

Financial Implications:

Expenditure for organising the above training programme may be borne jointly by State Government/ respective Department/ Local Bodies and ICAI as suggested below:

- Cost to be borne by ICAI:
 - TA/DA expenses of Faculty
 - Honorarium to Faculty
 - Background material for participants
- Cost in regard to other logistic arrangements to be borne by the State Government/ respective Department/ Local Bodies.