



30<sup>th</sup> April 2025

Mr. I. Himato Zhimomi  
Principal Secretary  
Urban Development and Municipal Affairs Department  
Nagaland

Respected Sir,

**Subject: Proposal to organise training programmes/ webinars and enter a MoU for skill development for staff of Urban Development and Municipal Affairs Department, Nagaland**

**Greetings from the Committee on Public and Government Financial Management (CPGFM) of the Institute of Chartered Accountants of India (ICAI)!!**

Enhancing financial reporting and management in Local Self-Governments (Local Bodies) has become a critical need, as their roles in driving economic growth have expanded over time. Effective financial reporting ensures efficient public fund management, promotes sound decision-making, and increases accountability and transparency, ultimately enabling better services, infrastructure development, and access to capital markets.

The Government of India (GoI) has introduced initiatives like the National Municipal Accounts Manual (NMAM) and various development schemes such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Atal Mission for Rejuvenation and Urban Transformation (AMRUT), and Smart City Scheme to improve financial practices in Urban Local Bodies (ULBs). The Finance Commissions have also linked grants to accounting reforms, emphasising accrual accounting adoption. The 15th Finance Commission further recommended that Local Bodies make their unaudited annual accounts from the previous year and audited accounts from the year before available online to qualify for grants.

**Role of ICAI:**

As you may be aware that the ICAI, set by an Act of Parliament, is the apex body in the field of accountancy and auditing serving the nation since 1949. ICAI, functions under the administrative control of the Ministry of Corporate Affairs, Government of India. As a partner in nation building, ICAI is also involved in on-going accounting reforms and improvement of financial reporting and public financial management in various Government entities/ departments including ULBs in India. ICAI has got than 177 branches spread across the tier I & II cities of the Country.

**About Committee on Public & Government Financial Management (CPGFM):**

ICAI through CPGFM is issuing Accounting Standards for Local Bodies (31 ASLBs issued till date are available at [https://www.icaai.org/post.html?Post\\_id=1527](https://www.icaai.org/post.html?Post_id=1527)). The Committee is also involved in sensitising the concerned officials and society at large about benefits of



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accounting reforms by organising various workshops/ training programmes, developing e-learning modules available at [https://icaitv.com/category.php?Cat\\_id=21](https://icaitv.com/category.php?Cat_id=21) The Committee is also providing technical support for Certificate Courses for Accountants of Panchayats and Municipal Bodies (i.e., a joint initiative of ICAI & O/o C&AG) details of which are available at <https://lba.icaiarf.org.in/>

Since various endeavors of Government have been linked to improvement in financial reporting and management in ULBs, the Committee hereby proposes:

1. **To jointly organise capacity building programme/ webinars of accounts/finance staff of ULBs of Nagaland** with special reference to Financial Transparency and Accountability in ULBs and Municipal Bonds (**tentative programme structure is enclosed as Annexure A**). The programme structure may be finalised mutually considering specific training requirements of staff. The programmes/webinars may also be conducted in regional language.
2. **To enter into a Memorandum of Understanding (MoU) for continuous skill development of accounts/finance officials of ULBs of Nagaland** on mutually agreed themes such as Accounting, Budgeting, Auditing, Direct Tax and Goods and Service Tax, Accounting and Auditing in IT environment, Municipal Bonds and other related contemporary topics to update their knowledge about accounting reforms at ULBs and to enable ULBs to avail 15<sup>th</sup> Finance Commission grants (*a copy of MoU entered by ICAI through CPGFM with the Commissioner of Treasuries and Accounts, Government of Tamil Nadu and Agreement entered with Project Management Unit, Uttarakhand Public Financial Management Strengthening Project are enclosed herewith for your kind reference*). Suggested terms of MoU/ Agreement are as follows:
  - The trainings may be organised in class-room as well as in virtual mode.
  - Minimum number of participants should be 50.
  - The classroom trainings should be organised preferably in the capital of the State.
  - The soft copy of the background material will be provided.
  - Wherever Auditorium/ITT labs are available within ICAI Premises, their usage will also be offered depending upon their availability.
  - ICAI will bear only the cost of faculty.
  - Other arrangements will be required to be made by your department.

We hope that 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 your positive response in this regard. We hope that this collaboration would benefit the ULBs and society at large.



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Please revert us for any further clarification/query.

Thanking You,

Yours sincerely,

CA. Mangesh Pandurang Kinare  
Chairman

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CA. Pankaj Shah  
Vice-Chairman

**Encl: as above**



**Annexure A**

**Proposal for jointly organising training programme/webinar for accounts/ finance staff of ULBs**

**Theme of the Training:**

- Financial Transparency and Accountability in Urban Local Bodies

**Duration of the Training:**

- One Day/Two Days

**Targeted Participants:**

- Staff associated with Finance and Accounts Sections of Urban Local Bodies (Participants for the training may be identified and suggested by the State/ respective urban development department)

**No. of participants:**

- Minimum 50 & maximum 100 participants (classroom programmes)
- Minimum 50 & maximum 500 participants (virtual programmes)

**Training Methodology:**

- Training is conducted in an interactive form and includes several case studies.
- Training participants are provided with the background materials and the ppts of the faculties.

**Faculty:**

- Faculty comprises professional experts having relevant experience in the field of accrual accounting implementation and audit in Urban Local Bodies/Governments, conversion projects, etc.

**Tentative list of topics for Training**

**Scenario 1: If the Double Entry Accrual Accounting System is yet to be implemented:**

1. Accounting System in Urban Local Bodies
  - a. Fundamentals & Benefits of accrual accounting system
  - b. Cash vis-à-vis accrual accounting system
  - c. Current status of accounting system



- d. Requirement to mandate accounting reforms: amendments in existing laws & rules
  - e. How can ICAI and CAs support in improving accounting system in ULBs
2. Auditing System in Urban Local Bodies
    - a. Current status of auditing system
    - b. How can ICAI and CAs support in improving auditing system in ULBs
  3. Conversion of accounts of ULBs from cash system to double entry accrual accounting system
    - a. Practical issues/ challenges in conversion process
    - b. Significant accounting policies and disclosures
    - c. Case studies/ success stories
  4. Preparation of Opening Balance Sheet under accrual accounting system
    - a. Determination of opening balances of assets and liabilities
    - b. Necessary adjustments to be made
    - c. Significant disclosures to be made
  5. Restructuring of chart of accounts under accrual system of accounting
  6. Implementation of double entry accrual accounting system in computerised environment
  7. Overview of Cash based ASLB
    - a. Rationale and Significance of cash based ASLB
    - b. How can ULBs benefit from implementation of cash based ASLB

**Scenario 2: If Double Entry Accrual Accounting System has been implemented:**

1. Lessons Learnt & Sustainability of Accrual Accounting Reforms
  - a. Analysis of existing accounting system
  - b. Gap Analysis & possible solutions
2. Interpreting Accrual Based Financial Statements
  - a. How financial statements can be used to identify and analyse problems
  - b. Importance of Financial Statements in Decision Making
3. Audit in Urban Local Bodies
  - a. Analysis of existing auditing system
  - b. Gap Analysis & possible solutions
    - i. Audit in IT environment
    - ii. Role of Audit Committee
    - iii. Enhanced audit reporting



- iv. Role of professionals in audit
  - v. Ethics in audit
4. Making Self-Sufficient and Self-Sustainable Municipal Bodies in India
- a. Revenue Augmentation
  - b. Innovative and new means of raising finances
    - i. Mezzanine financing
    - ii. Public Private Partnership (PPP)
    - iii. Municipal Bonds
5. Overview of Accrual based Accounting Standards for Local Bodies
- a. Rationale and Significance of ASLBs
  - b. How can ULBs benefit from implementation of ASLBs
6. Local Government Taxation Matters: Status and compliances
- a. Goods and Service Tax
  - b. Tax Deducted at Source

**Financial Implications:**

1. In case of a physical training programme, expenditure may be borne jointly by the State Government/respective Urban Development Department and ICAI as suggested below:
  - Cost to be borne by ICAI:
    - ♣ TA/DA expenses of Faculty.
    - ♣ Honorarium to Faculty
    - ♣ Background material for participants
  - Wherever Auditorium is available within ICAI Premises, their usage will also be offered depending upon their availability. But in that case, catering expenses will be required to be reimbursed by your department.
  - Cost with regard to other logistic arrangements to be borne by the State Government/ respective urban development department.
2. In the case of a virtual training program, there shall be no financial implications on State Government/respective Urban Development Department. In that case, all the cost pertaining to platform and honorarium to faculties shall be borne by the ICAI.