

No: Fin-A-C (3)-1/2023
Government of Himachal Pradesh
Finance (Budget) Department

From

The Principal Secretary (Finance) to the,
Government of Himachal Pradesh, Shimla-171002.

To

1. The Principal Secretary (Urban Development) to the,
Government of Himachal Pradesh, Shimla 171002.
2. The Secretary (Rural Development & Panchayati Raj),
to the Government of Himachal Pradesh, Shimla 171002.

Dated Shimla-171002, the 26/02/2024

Subject: Inadequacies in maintenance of accounts in the Panchayats
and Municipal Bodies.

Sir,

I am directed to invite your attention to D.O. No. AMG-I(LG)/
misc/2023-24/255 dated 14-02-2024 (copy enclosed for ready reference)
received from the Principal Accountant General (Audit), Himachal Pradesh
and to say that Comptroller & Auditor General of India in collaboration of the
Institute of Chartered Accountants of India has designed an online certificate
course for the accountancy of Rural and Urban Local Bodies. The Principal
Accountant General (Audit) Himachal Pradesh has urged the State
Government to host the contents of this course on the official websites of the
Departments and arrange for the statewide publicity.

As the Urban and Rural Local Bodies are governed by your
Department, you are, therefore, requested to initiate necessary action in this
matter under intimation to this Department.

Yours faithfully,



(Pardeep Kumar)

Joint Secretary (Finance) to the
Government of Himachal Pradesh
Contact No. 0177-2628411

Endst No. Even

Dated Shimla 171002, the

Copy for information to the Principal Accountant General
(Audit), Himachal Pradesh in reference to her D.O. letter mentioned above.



Joint Secretary (Finance) to the
Government of Himachal Pradesh

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28/02/24



प्रधान महालेखाकार (लेखापरीक्षा)
हिमाचल प्रदेश, शिमला-171003
Principal Accountant General (Audit)
Himachal Pradesh, Shimla-171003



चंदा पंडित, आई.ए. एण्ड एएस.
Chanda Pandit, IA&AS

(Finance - A - Section)

DO No. 5648259

Date: 28/02/24

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

DO No. AMG-I(LG)/misc/2023-24/2557

Dated 14.02.2024

Dear Sir,

16/2/24
K. Sany (Fin)
K. Sany (UD)
Sany (RD)

K. Sany (Fin)
K. Sany (UD)
K. Sany (RD)

Budget

28/2/2024
Sh. Prabodh

Please refer to the Demi-Official letter No. 434/LGA/Certification Course/134-2023(Vol-II) dated 28.12.2023 of Deputy Comptroller & Auditor General (copy enclosed). As you are aware that the C&AG of India launched a certification course on the occasion of Audit Diwas on 16th November 2023. A brochure on the initiative was also released by the C&AG of India. Four online certification courses for accountants, two each on Rural & Urban sides, have been designed keeping in mind the three-tier system of local government, in collaboration with the Institute of Chartered Accountants of India.

In this regard, it is requested to kindly arrange for maximum statewide publicity of the said courses through all the field offices under your jurisdiction and hosting the content of certification courses on the official websites of all the concerned departments. This information may also be disseminated in local language as well so that the benefit may be passed-on to the target audience for employment opportunities. Registrations for the courses can be made at "<https://lba.icaiairf.org.in/>". I am enclosing a brochure and two files on the courses, comprising all the details.

I would be highly grateful to you, if the above initiative is given maximum publicity, so that the benefits of the certification course are availed by maximum number of candidates.

Encl.: As stated.

With regards

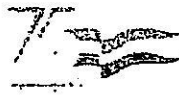
Yours sincerely,

Sh. Prabodh Saxena, IAS
Chief Secretary to Govt. of Himachal Pradesh,
H.P. Secretariat, Shimla-171002.

28/2/24



DO. No. 434/LGA/Certification Course/134-2023 (Vol-II)



भारत के नियंत्रक एवं महालेखापरीक्षक का कार्यालय
9, दीन दयाल उपाध्याय मार्ग,
नई दिल्ली-110 124

OFFICE OF THE
COMPTROLLER & AUDITOR GENERAL OF INDIA
Pocket 9, Deen Dayal Upadhyaya Marg,
New Delhi-110 124

Subir Mallick, IA&AS
Deputy Comptroller &
Auditor General

28.12.2023

दिनांक / Dated _____

Dear *Shri Saxena,*

The audit conducted by the Comptroller and Auditor General (C&AG) of India and the Local Fund Auditors designated by the State Governments as well as the reports of successive Finance Commissions have highlighted the inadequacies in maintenance of accounts in the Panchayats and Municipal Bodies. A major problem is the non-availability of suitable accountants in local areas as Chartered Accountants or other qualified accountants may not be interested in taking employment and working in villages and smaller urban areas due to distances from big cities and low remuneration. This problem can largely be addressed by creating a pool of accountants willing to work in local areas and possessing the requisite skill-set to prepare the relatively simple accounts of LSGs.

2. With this end in view, and after consultation with MoHUA, MoPR, MoRD, GoI, the office of C&AG has entered into a Memorandum of Understanding (MoU) with the Institute of Chartered Accountants of India (ICAI) to develop a set of online certification courses for accountants. The ICAI Accounting Research Foundation, a Self-Regulatory Organisation (SRO) under the aegis of the ICAI is running the Courses and would issue the certificates. A one day conference was organised in the CAG office on 1st September, 2023 to disseminate information on this initiative, where Senior officials from all the States had attended.

3. The CAG of India launched the course on 16th November 2023 on *Audit Diwas* at the O/o the C&AG of India. A brochure on the initiative was also released by the CAG of India (copy enclosed). Four different courses, two each on Rural & Urban sides, have been designed keeping in mind the differing complexities of accounting in different tiers of Local Bodies. Each of these courses run for three months, having a screening test after the first one month and a mains test at the end of the third month for those who clear the screening test. Candidates who clear both the tests would then be awarded a certificate declaring their proficiency, which they may use to seek employment as accountants, as and when required by Local Bodies nearby. This is expected to be a significant contribution towards skill development and over time, create a pool of certified accountants in the local areas, whose services the LSGs could use, as per their requirements.

4. The registration for the first such set of courses opened from 1st December 2023. The courses will be conducted with the help of e-study materials and online revisionary tutorials in ten different languages. All necessary details may be found in the brochure attached and two fliers prepared by ICAI (copies enclosed). The weblink of registration for this certification course is <https://ba.icai.org.in>.

5. In this regard, I would like to request you to kindly arrange for wide publicity of this course in your State so that the maximum number of potential candidates get to know about this course and apply online to reap the benefits of the course and subsequent certification.

6. This initiative has the potential to significantly strengthen the accountability framework in Local governments and I solicit your co-operation to take it forward.

Encl: 1. Soft copy of brochure.

2. Two fliers.

Sh. Prabodh Saxena, IAS
Chief Secretary to Govt. of Himachal Pradesh,
E-201B, H.P. Secretariat, Shimla-171002

Regards
Yours sincerely,





Board for Local Bodies Accountants Certification ICAI Accounting Research Foundation

CERTIFICATE COURSE FOR ACCOUNTANTS OF MUNICIPAL BODIES

— An Initiative of —
The Institute of Chartered
Accountants of India
&
The Comptroller and Auditor
General of India


Certificate Course for Accountants of Municipal Bodies (CAMB)


Town Panchayats (Level 1)

Municipal Corporation & Municipalities (Level 2)

Screening Examination : Basics of Accounting
(Overview of Accrual-Based Accounting System)

**Main Examination : Accounting of
Municipal Bodies**

 Accounting Concepts, Principles, Conventions
and Policies

 Basic Accounting Procedure (Journal Entries,
Ledger & Trial Balance, Bank Reconciliation
Statement)

 Preparation of Financial Statements

- Selection of Accounting Policies & Change in Accounting Policies
- National Municipal Accounts Manual (Chart of Accounts, Accounting for Municipal Transactions, Preparation of Financial Statements including opening Balance Sheet)
- Hands-on preparation of Municipal Bodies Accounts

Timelines for each Course

 Time for Registration:


Throughout the year

 Closure of Batches :

Every December 31st & June 30th


 Screening Examination:

One month from close of Registration

 Main Examination:

Two months after declaration of result of Screening Examination

Certificates


 Online Certificate to successful candidate

List of certificate holder to be made available in public domain


Mode of Examination


Two Examinations (For Each Course)

Screening Examination


MCQ based examination


Main Examination


Both objective (MCQ) and subjective questions (hands-on accounts preparation)

 To be conducted on prescribed days and time slots at exam centers

 Option of using regional languages


Key Highlights

 Skill Development (Learn Cash & Accrual Based Accounting).


 Online Course

 Eligibility:


- Be minimum 18 years of age
- Have passed the Sr. Secondary School Examination under the 10+2 scheme of a recognised board.

 Registration fees: Rs. 590/- (inclusive of GST)


Mode of Learning

 Self- Study Material

- E- Study material
- Pre - recorded revisionary lectures
- MCQ based test

 Live virtual revisionary classes
For Main Examination

Study Materials will be made available in 10 languages currently, with scope for more languages being added later

 Regional languages offered as of now are English, Hindi, Marathi, Telugu, Tamil, Odiya, Gujarati, Kannada, Bengali, and Punjabi

For Qualified Certificate Holder

- Continuing Education & Learning Programme:
There will be a mandatory online education of 4 hours in each calendar /financial year, to update the qualified certificate holder about regulations, norms, and updations in software application on a continued basis.
- Robust Disciplinary Mechanism

Expected Benefits

- Course will catalyze accountability & transparency in governance at Local-Self Government (LSGs) level.
- Create opportunities for qualified candidates to work as accountants in LSGs.
- Edge in securing similar opportunities in SMSE sector as well at the local level.



Board for Local Bodies Accountants Certification ICAI Accounting Research Foundation






CERTIFICATE COURSE FOR ACCOUNTANTS OF PANCHAYATS

— An Initiative of —
The Institute of Chartered
Accountants of India
&
The Comptroller and Auditor
General of India

Certificate Course for Accountants of Panchayats (CAP)

Gram Panchayats (Level 1)

Screening Examination: Basics of Accounting
(Overview of Cash-Based Accounting System)

-  Accounting Concepts, Principles, Conventions and Policies
-  Basic Accounting Procedure (Journal Entries, Ledger & Trial Balance, Bank Reconciliation Statement)
-  Receipt & Payment Account

Zilla & Block Panchayats (Level 2)

Main Examination: Accounting of Panchayats

- C&AG Accounting Formats
- List Of Codes
- E-Gramswaraj
- Mandatory Conditions for Grants for PRIs (XVth FC)
- Hands-on preparation of Panchayats accounts

Timelines for each Course

Time for Registration:

Throughout the year

Closure of Batches :

Every December 31st & June 30th

Screening Examination:

One month from close of Registration

Main Examination:

Two months after declaration of result of Screening Examination

Certificates

Online Certificate to successful candidate

List of certificate holder to be made available in public domain

Mode of Examination

Two Examinations (For Each Course)

Screening Examination

Main Examination

MCQ based examination

Both objective (MCQ) and subjective questions (hands-on accounts preparation)

To be conducted on prescribed days and time slots at exam centers

Option of using regional languages

Key Highlights

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STRENGTHENING OF ACCOUNTING AT GRASSROOTS




Ministry of Finance
Government of India



Comptroller and Auditor General of India

**Certificate Course for
Accountants
Of
Panchayats and
Municipal Bodies**

**An Initiative of
The Comptroller and Auditor General of India
and
The Institute of Chartered Accountants of India**



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Local Self Governance in India

The **history** of Local Governments in India dates back to the Sabhas and Samitis referenced in the **Rigveda**.

The **73rd and 74th Amendments** to the Constitution passed in 1992 **formalised** the role of the **3rd tier of Government**, i.e. Local Self Governments (LSGs) at the grassroots, across the entire country.

Currently, there are more than 2.60 lakh Panchayati Raj Institutions (PRIs) and above 4,500 Urban Local Bodies (ULBs) in India.

Tiers of LSGs

Panchayati Raj Institutions (PRIs)	Urban Local Bodies (ULBs)
District Panchayat	Municipal Corporation
Block Panchayat	Municipality
Gram Panchayat	Town Panchayat

Devolution to Local Self Governments (LSGs)

As per the 73rd and 74th Amendments, the **State Legislatures** have to **devolve** such powers and authority as may be necessary to enable them to function as institutions of Self Governance.

29 Functions for PRIs and 18 Functions for ULBs are included in the 11th and 12th schedules which **are to be devolved to LSGs** by the respective State Legislatures.

These functions have been **devolved** to the LSGs in different States in **varying measures**.



Funding to LSGs

The units of LSGs are uniquely placed to ensure **optimum service delivery** at the grassroots level.

Therefore, LSGs are increasingly **coming to the forefront** in the **implementation** of various **social schemes**.

Successive **Finance Commissions** have allocated **increasing volume of funds** to these LSGs. The 15th Finance Commission has allocated ₹ 2.4 lakh crore to the PRIs and ₹ 1.2 lakh crore to the ULBs.

Besides, the LSGs also receive funds for implementing **Central and State Schemes**, from **State Budgets**, **State Finance Commissions** and from their **own revenues**.



Accounting in LSGs

The accounting formats for the LSGs were prescribed by the CAG in collaboration with the MoPR and MoHUA Government of India.

Accounting Manuals

For PRIs

Model Accounting System (MAS) issued in October 2009

For ULBs

National Municipal Accounting Manual (NMAAM) issued in November 2004

The LSGs are currently preparing their accounts using online platforms such as e-GramSwaraj developed by MoPR, Gol, other similar applications developed by State Governments and commercial accounting softwares.

Payments by LSGs for various activities are made through online portals such as Public Finance Management System (PFMS) for central transactions and Integrated Financial Management System (IFMS) for transactions from State Funds.

Audit of LSGs

As per 73rd and 74th Constitutional Amendment Act, the **State Legislatures** may, by law, make provisions with respect to the **maintenance of accounts** by LSGs and **auditing of such accounts**.

Consequently, most of the States have passed **State-specific Acts and Rules** for maintenance of accounts of LSGs and their audit.

States have appointed **designated authorities** as **primary auditors** of LSGs . They are responsible for the **certification** of LSG accounts and are commonly known as **Local Fund Auditors**.

The **CAG** provides **Technical Guidance and Support (TGS)** to Local Fund Auditors; and conducts audit of LSGs.

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Problem Statement

There are shortfalls in the preparation of accounts across various tiers of LSG as evident from the audit conducted by the CAG and Local Fund auditors; various reports prepared by governing departments of LSGs; and as highlighted by successive Finance Commissions.

One of the primary reasons is the shortage of competent accountants in adequate numbers willing to work in LSGs, particularly in the lower tiers and remote localities. Chartered Accountants or other competent accountants generally avoid such assignments due to low remunerations and remoteness of the LSG units.

Appropriate skilling at local levels to create qualified accountants is the main challenge.



The SOLUTION

Based on **interactions** with various **Stakeholders**, the solution identified was to create a **pool of accountants**, preferably drawn from **contiguous areas** of LSGs, who would be willing to work as accountants in LSGs in their local areas.

To promote **skill development** and to inculcate the requisite **professional competence**, such accountants would have to be provided adequate **training**, followed by a qualifying **examination** and **certification** of successful candidates by a reputed authority.

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Initiative for Certification Course

The Comptroller and Auditor General of India (CAG) and the Institute of Chartered Accountants of India (ICAI) have entered into a Memorandum of Understanding (MOU) for collaborating to develop a set of online courses for different categories of LSGs.

Under the aegis of the MOU, a Certification Course has been designed to develop requisite competencies.

Those certified will be available locally as a skilled talent pool. The LSGs will have the choice and discretion of hiring them to prepare their accounts, on payment of requisite remuneration.

The Certified Accountants will also be available for other jobs of similar nature.

Key Attributes of the Endeavour

Adherence to Accounting formats, as prescribed by CAG for LSGs;

Reliability, the experience and expertise of ICAI;

Accessibility, online, for wider reach;

Skill Development, creating a widely dispersed talent pool for accounting, useful for both LSGs and even otherwise;

Employment Generation, as educated and qualified local candidates can get these assignments, depending on the requirements of the LSGs;

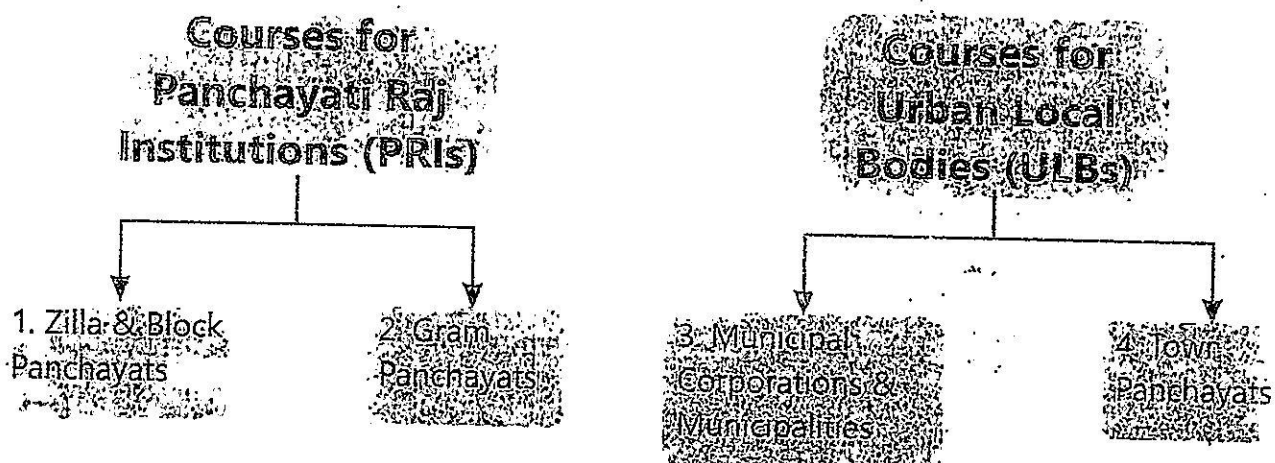
Affordability, nominal entry fees for enrolling; and

Linguistic outreach, course modules in 10 different languages initially, to cater to varied participants. More languages to follow, as required.

Course Design

Four different Courses have been designed, graded for different levels of Local Government.

This is keeping in mind the complexities and requirements at various levels.



Each Course runs for **3 months**, from the closing of Registration to the date of Main Examination.

Separate Registration, **Screening & Main Examinations** and Certificate envisaged for each Course.

Any **Class XII qualified** candidate can apply by paying a **Registration Fee of Rs. 500/-**.

Course Design



Timelines for the Courses

Time for Registration : 1 month

Screening Examination : 1 month from close of Registration

Main Examination : 2 months after Screening Examination

Self - study materials (both e-study materials and pre-recorded lectures) will be made available immediately on Registration.

Course Contents

For PRIs

Screening Examination - Basics of Accounting (Overview of Cash Based Accounting System).

- Accounting Concepts, Principles, Conventions & Policies
- Basic Accounting Procedure
- Preparation of Financial Statements

Main Examination - Accounting of Panchayats

- C&AG Accounting Formats
- List of Codes
- E-Gramswaraj
- Mandatory Conditions for Grants for PRIs (XVth FC)

For ULBs

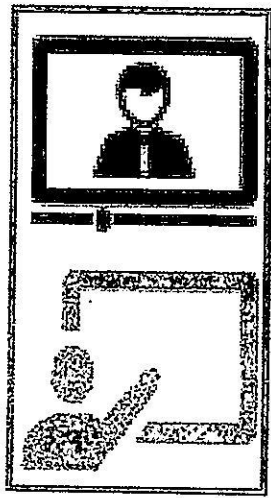
Screening Examination - Basics of Accounting (Overview of Accrual Accounting System)

- Accounting Concepts
- Principles
- Conventions & Policies
- Basic Accounting Procedure

Main Examination - Accounting of Municipal Bodies

- Selection of Accounting Policies and Change in Accounting Policies
- National Municipal Accounts Manual (Chart of Accounts, Accounting for Municipal Transactions)
- Preparation of Financial Statements including opening balance sheet

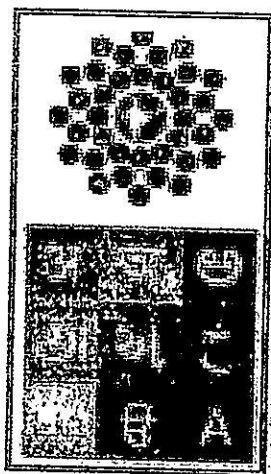
Mode Of Learning



The approach to the training will be **multi-modal**, using **pre-recorded lectures** (with sub-titles in regional languages) for Screening Examination, and **live virtual revisionary** classes for Main Examination.



There will be **E-study material** for the entire Course, prepared by ICAI.



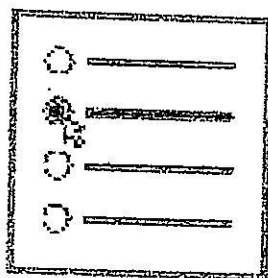
All materials will be made available in **10 languages** currently, with scope for more regional languages being added later.

Languages to be used for now are English, Hindi, Marathi, Telugu, Tamil, Odiya, Gujarati, Kannada, Bengali, and Punjabi.

Mode Of Examination



Objective mode Multiple Choice Questions (MCQs) of examination will be used for the Screening Examination.

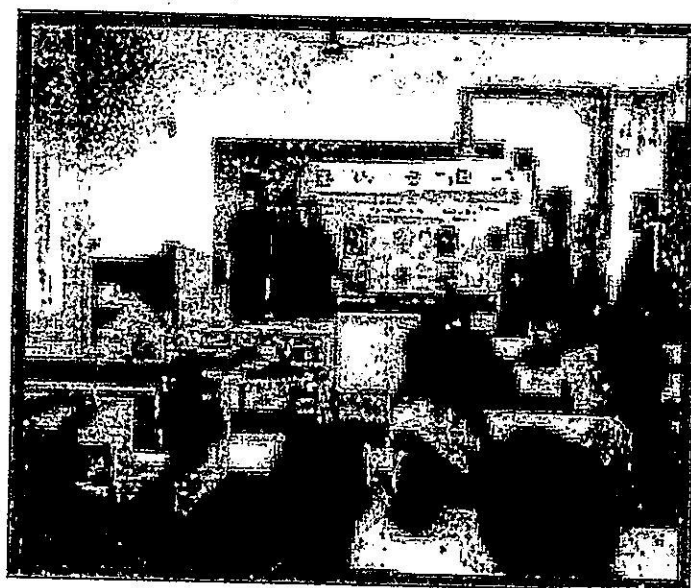


Both objective (MCQ) and subjective questions (hands-on accounts preparation) will be used for Main Examination.



Option of taking examination in regional languages will be available.

Continuing Education & Learning Programme



There will be a **mandatory** online education of **4 hours in each calendar/ financial year**, to update the qualified certificate holder about latest regulations, norms and updations in software applications on a continued basis.

Administrative Set-up for the Courses

A Self-regulatory Organisation under the aegis of the ICAI will run the Courses and issue the certificates.



Detailed Course

contents have been prepared by the ICAI in consultation with the CAG's institution.

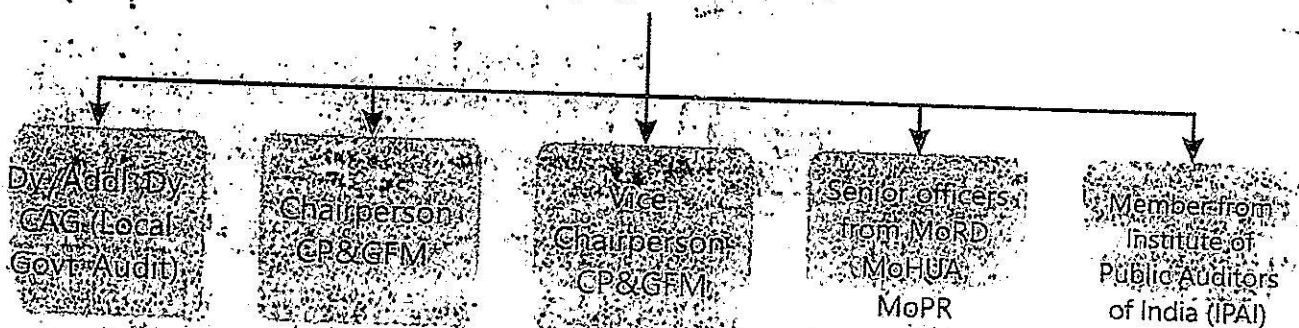
Governing and Regional Boards, chaired by Dy./Addl. Dy. CAG level officers of CAG's institution, will deliberate on various **Course related matters**.

Representatives from CAG, ICAI, Central Ministries/ State Departments will people the Boards.

Structure of Boards

Governing Board

Policy decisions for the Course



Five Regional Boards

Implementation of the Course



CP&GFM Committee on Public and Government Financial Management

Expected Benefits



It is envisaged that once this Course is on the ground for a couple of years, more **skilled, willing and competent accountants** will be available, and at more

locations, than at present:

The List of Certified Panchayat/ Municipal Bodies Accountants will be available in the public domain. The LSGs can **hire them locally, even in remote locations** where others might be unwilling to join/work, on payment of some remuneration.

The Certified Accountant will also be benefitted as they can get **employment closer to home**. Since this course will lead to **skill development**, these accountants **may even get other jobs**.

The LSGs will benefit from **better accounts preparation**.

Better **accounting** will **strengthen the internal control** and the **accountability framework**.

Controller and Auditor General of India
November 2023
www.cag.gov.in