

Storyline

The client was the World Bank. NCRCL[®] prepared a detailed report on Public Financial Accountability (PFA) in Urban Local Bodies (ULB) in Karnataka, India for Karnataka State Financial Accountability and Management Study (SFAMS).

The objective of the study was to understand the public financial accountability arrangements in Urban Local Bodies in Karnataka with the objective of developing measures for improvement.

Once upon a time

The overall state of financial accountability and the control environment in ULBs was weak. Substantial efforts were required to enhance the PFA arrangements. This was required to improve governance, accountability and performance of ULBs. A pre requisite for this was a strong financial reporting, accounting and independent auditing arrangement. NCRCL[®] was engaged to conduct the PFA study in Karnataka and give recommendations to address the gaps in public financial accountability.

Moving on

The team of senior consultants from NCRCL[®] began with an analysis of various documents like budget, research reports, acts, rules and regulations. The idea was to understand the legal framework under which the ULBs functioned.

This was followed by discussions and interviews with officials and representatives of Urban Development Department, Finance Department, Karnataka State Accounts Department and ULBs to get ideas and experiences of different stakeholders. Questionnaires were prepared and distributed to department heads and other officials to understand the ground realities with regard to accounts and audit aspects.



The study ended with a detailed report being submitted to the Government of Karnataka containing observations on the existing PFA Framework and recommendations to improve the same.

NCRCL[®] had all the prerequisites for the task in the form of knowledge of local situation and the governing laws, best practices in accounting and audit in ULBs, hands-on experience in implementation of major financial reforms, public disclosure and the necessary documentation skills.

Major milestones of the study were presentation and discussion of preliminary draft report with The World Bank, comments by the World Bank, presentation and discussion at Government level and Finalization of the Study Report.

Finally

The report was discussed in detail with the officials of the State Government of Karnataka and immediate steps were taken to address issues like bringing out an annual report on Karnataka ULBs, clearing audit and accounts arrears in ULBs and preparing an accounting manual. This study was also helpful during the drafting of the Local Fund Fiscal Responsibility Act, 2003 for which the Government of Karnataka took the support of NCRCL[®].

Contact:

enquiries@ncrcl.com